



## HLRE Holding Oyj

*(incorporated with limited liability in Finland)*

*Listing of SEK 300,000,000 Senior Secured Floating Rate Bonds due 2024*

On 12 February 2021, HLRE Holding Oyj (the “**Issuer**”) issued senior secured floating rate bonds with an initial total nominal amount of SEK 300,000,000 (the “**Bonds**”). The nominal amount of each Bond is SEK 1,250,000. The Bonds were offered for subscription in a minimum amount of SEK 1,250,000 through a book-building procedure (private placement) (the “**Offering**”). The Bonds bear interest at the rate of STIBOR three (3) months plus a margin of 6.60 per cent. per annum. The maturity of the Bonds is on 12 February 2024, unless the Issuer redeems the Bonds in accordance with the terms and conditions of the Bonds (the “**Terms and Conditions**”). The Bonds are secured by certain assets as described in more detail in the “*Terms and Conditions of the Bonds*”.

This listing prospectus (the “**Prospectus**”) contains information on the Offering and the Bonds. The Prospectus has been prepared solely for the purpose of admission to trading of the Bonds on the corporate bond segment of Nasdaq Stockholm (the “**Nasdaq Stockholm**”), regulated market operated by Nasdaq Stockholm AB, and does not constitute any offering of the Bonds.

Application will be made for the Bonds to be admitted to trading on the corporate bond segment of Nasdaq Stockholm (the “**Listing**”) and the Listing is expected to take place on or about 8 February 2022, provided that Nasdaq Stockholm approves the listing application.

**The validity of this Prospectus expires when the Bonds have been admitted to trading on the corporate bond segment of Nasdaq Stockholm. Responsibility to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Prospectus is no longer valid.**

Besides filing this Prospectus with the Finnish Financial Supervisory Authority (the “**FIN-FSA**”) and the application to Nasdaq Stockholm, neither the Issuer nor the Sole Bookrunner have taken any action, nor will they take any action to make, in any jurisdiction, a public offer of the Bonds in their possession, or the distribution of this Prospectus or any other documents relating to the Bonds admissible in any jurisdiction requiring special measures to be taken for the purpose of making a public offer.

Neither the Issuer nor the Bonds have been assigned any credit ratings at the request or with co-operation of the Issuer in the rating process.

The Bonds have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States, and the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as such terms are defined in Regulation S under the Securities Act (“**Regulation S**”)), except in certain transactions exempt from, or in a transaction not subject to the registration requirements of, the Securities Act and in accordance with applicable state securities laws.

**Investment in the Bonds involves certain risks, see “*Risk Factors*” in this Prospectus.**

## IMPORTANT INFORMATION

This Prospectus has been drawn up in accordance with the Regulation (EU) 2017/1129 of the European Parliament and the Council, as amended (the “**Prospectus Regulation**”), Commission Delegated Regulation (EU) 2019/979, as amended, and the Commission Delegated Regulation (EU) 2019/980, in application of the annexes 7, 15 and 21 thereof, as amended. The FIN-FSA, which is the competent authority for the purposes of the Prospectus Regulation and relevant implementing measures in Finland, has approved this Prospectus (journal number FIVA 1/02.05.04/2022) but assumes no responsibility for the correctness of the information contained herein. The FIN-FSA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval shall not be considered as an endorsement of the qualities of the Bonds nor the Issuer. The Issuer has requested the FIN-FSA to notify the competent authority of Sweden, the Swedish Financial Supervisory Authority (*Finansinspektionen*), with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Regulation.

In this Prospectus, any reference to the “**Issuer**” means HLRE Holding Oyj and the “**Group**” means the Issuer and its consolidated subsidiaries, except where the context may otherwise require.

This Prospectus should be read together with all documents which are incorporated herein by reference. This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus. See “*Documents Incorporated by Reference.*”

Pareto Securities AB has acted as sole bookrunner (the “**Sole Bookrunner**”) in relation to the Offering. The Sole Bookrunner is not acting for anyone else in connection with the Offering or the Listing and will not be responsible to anyone other than the Issuer for providing the protections afforded to their respective clients nor for providing any advice in relation to the Listing or the contents of this Prospectus.

Neither the Issuer nor the Sole Bookrunner have authorized any person to provide any information or to give any statements not contained in or not consistent with this Prospectus and, if given or made, such information or representation should not be relied upon as having been authorized by the Issuer and the Sole Bookrunner. The Sole Bookrunner has not independently verified information contained herein. The Sole Bookrunner assumes no responsibility, except for statutory liability, for the accuracy or completeness of the information in this Prospectus and, accordingly, disclaim to the fullest extent permitted by law, any and all liability which it might otherwise be found to have in respect of this Prospectus or any such statement. Delivery of this Prospectus nor any sale made hereunder, shall not create any implication that there has been no change in the affairs of the Issuer since the date of this Prospectus and nothing contained in this Prospectus is, or shall be relied upon as, a promise by the Issuer or the Sole Bookrunner as to the future. However, if a fault or omission is discovered in this Prospectus before the Listing and such fault or omission may be of material importance to investors, this Prospectus shall be supplemented in accordance with the Prospectus Regulation. Unless otherwise stated, any estimates with respect to market development relating to the Group or its industry are based upon the reasonable estimates of the Issuer’s management.

In making an investment decision, each investor must rely on their examination, analysis and enquiry of the Issuer and the Terms and Conditions of the Bonds, including the risks and merits involved. Neither the Issuer, nor the Sole Bookrunner, nor any of their respective affiliated parties or representatives, is making any representation to any offeree or subscriber of the Bonds regarding the legality of the investment by such person. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Bonds.

This Prospectus has been prepared solely in connection with the Listing. It does not constitute an offer of securities for sale, or a solicitation of an offer to buy any securities, anywhere in the world.

The distribution of this Prospectus may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Bonds, or otherwise to permit a public offering of the Bonds, in any jurisdiction. The Issuer and the Sole Bookrunner expect persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. Neither the Issuer nor the Sole Bookrunner accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Bonds is aware of such restrictions. In particular, the Bonds may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or any other jurisdiction in which it would not be permissible to offer the Bonds and this Prospectus may not be sent to any person in the beforementioned jurisdictions.

This Prospectus has been prepared in English only. In accordance with an exemption set out in Article 7(1) of the Prospectus Regulation, no summary has been prepared. Save for the Issuer’s audited consolidated financial statements as at and for the financial year ended 31 January 2020 and 31 January 2021 incorporated by reference into this Prospectus, no part of this Prospectus has been audited.

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

**MiFID II product governance / Retail investors, professional investors and eligible counterparties** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”) and (ii) all channels for distribution of the Bonds to eligible counterparties, professional clients and retail clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**Important – EEA retail investors** – As the Bonds are not deemed to fall within the scope of Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”), no PRIIPs key information document (KID) has been prepared.

**Important – Investors in in the United Kingdom** – This Prospectus may only be distributed to, and it shall be directed only at persons who are either (a) “investment professionals” for the purposes of Article 19(5) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), (b) high net worth companies, unincorporated associations and other persons to whom it may lawfully be communicated in accordance with Article 49(2)(a) to (d) of the Order, or (c) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Bonds may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**Relevant Persons**”). Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

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## **RISK FACTORS**

*An investment in the Bonds involves a number of risks, many of which are inherent to Group's business and could be significant. Investors considering an investment in the Bonds should carefully review the information contained in this Prospectus and, in particular, the risk factors described below. The following description of risk factors is based on information known and assessed on the date of this Prospectus and, therefore, is not necessarily exhaustive. Some of these factors are potential events that may or may not materialize. Should one or more of the risk factors described in this Prospectus materialize, it could have a material adverse effect on Group's business, financial condition and results of operations. Group also faces additional risks not currently known or not currently deemed material, which could also have a material adverse effect on Group's business, financial condition and results of operations and, therefore, on Group's ability to fulfil its obligations under the Bonds as well as on the market price of the Bonds, and investors could lose part or all of their investment.*

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

- *risks relating to Group's business environment;*
- *risks relating to Group's operations;*
- *legal and regulatory risks;*
- *risks relating to financing;*
- *risks relating to the Bonds;*
- *risks relating to bond market; and*
- *risks relating to the Transaction Security and the Guarantees.*

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

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

### **Risks relating to Group's Business Environment**

***Group's business, revenues and operating profit are subject to risks related to macroeconomic conditions and the markets where the Group operates***

The Group's revenues and operating profit are affected by general economic conditions, which are, in turn, influenced by many factors beyond the Group's control. The Group currently operates in Finland and Sweden. Currently, the majority of the Group's operations are located in Finland but growth in both markets, for example, by way of increasing market share and/or expanding the Group's product and service offering is an important factor in fulfilling the Group's strategic objectives. Respectively, the Group's revenue and operating profit are particularly susceptible to general economic conditions and perception of future general economic conditions in the Finnish and Swedish markets.

In the 2010s, Finland has experienced significant challenges in its economy and financial environment, such as transformation of the industrial structure, inflexibility of the labour market, and ageing population, and is still adapting to those challenges. In Sweden, significant increases in property prices coupled with high household debt have led to concerns about the vulnerability of the Swedish economy. On a global level, the timing and speed of normalization of monetary policies, uncertain recovery of the European economy and concerns over sovereign debt, for example, could increase the uncertainty in the global economy and,

consequently, have an adverse effect on general business conditions, level of employment and both business and consumer confidence. In addition, the political environment and geopolitical tensions as well as prevailing uncertainty concerning the impacts of the exit of United Kingdom from the European Union could adversely affect general economic conditions.

Uncertainty or adverse trends in general economic conditions could affect the Group's business and demand for the Group's products and services through, *inter alia*, affecting consumer confidence as well as through adverse impacts on the business activities of the Group's corporate clients purchasing the Group's rainwater systems and roof safety products. Importantly, the general economic conditions may adversely affect the level and cost of financing available to the Group's consumer and corporate clients to make investments in renovations and refurbishments. Moreover, increases in the costs of financing and decreases in the level of available financing may adversely affect the Group's ability to make investments and fulfil its strategic objectives and may have a material adverse effect on the Group's business, financial position and results. Through its manufacturing operations, the Group is furthermore exposed to the risk of fluctuations in certain commodity prices (such as steel and aluminium) and energy prices (especially through fuel costs for vehicles) and increases in prices due to economic disruptions and changes in general market conditions may have an adverse effect on the Group's business, financial position and results. All of the factors mentioned above could harm the Group's operations and the Group cannot predict the ways in which the future economic environment and market conditions may affect the Group's operations.

***Group could be adversely affected by the risks related to coronavirus disease (COVID-19)***

The 2019 novel coronavirus ("COVID-19") outbreak is currently having an indeterminable adverse impact on the world economy. The World Health Organization declared COVID-19 a pandemic on 11 March 2020. The COVID-19 outbreak has become a widespread public health crisis, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains or by reason of reduced demand generally. In particular, in February to April 2020, the COVID-19 outbreak caused stock markets worldwide to lose significant value and impacted economic activity worldwide. The trading price of the Bonds may therefore be adversely affected by the economic uncertainty caused by COVID-19.

The most significant segment of the Group's business is formed by single family home roof renovation projects in Finland and in Sweden. Although COVID-19 does not have a direct significant effect on the execution of the Group's installation services as these are conducted outdoors and do not require the renovation team to enter into the premises of the customers, household confidence in the economy as well as financing available for consumer clients may be materially adversely affected by the COVID-19 pandemic. The pandemic may have a similar adverse impact on the economic and financial outlook for the Group's corporate clients. Clients prolonging or postponing investment decisions or failing to receive financing for renovations or construction could have a material adverse effect on the Group's business, financial position and results. There is also a risk that the global downturn could affect the liquidity position of the Group's existing customers, which in turn may require such customers to postpone payments or cause defaults under the agreements. Accordingly, the impact of the COVID-19 crisis on the Group's future and current clients could have an adverse effect on the Group's business, financial position and results.

Furthermore, there is a risk that the employees of the Group have or are exposed to the COVID-19 and must respectively be quarantined for a period of time. A widespread case of COVID-19 in the business units or manufacturing facilities of the Group could slow down or delay the execution of projects or product deliveries. Although the Group manages the risk of COVID-19, *inter alia*, by securing the operational capability of the Group's key functions and by rotating shifts and staggering the work of renovation team members, there can be no assurance that the COVID-19 pandemic could not have an impact on the employees of the Group, project execution and delivery of products. Cessation of work or delays on roof renovation sites or at the Group's manufacturing facilities could lead to claims from the Group's clients. Similar delays in the production of the Group's suppliers and respective delays in the supply chain to the Group's manufacturing facilities could have a negative effect on the Group's operations. Furthermore, COVID-19 imposes certain limitations of the Group's customer acquisition limiting physical contacts. Since

the beginning of the pandemic, the Group has made investments in its distance client recruitment, but there can be no assurance that the recruitment of new clients could not be adversely affected by a prolonged pandemic. Any of the impacts described above could have a material adverse effect on the Group's business, financial position and results.

The COVID-19 pandemic has substantially affected and continues to affect people's lives and companies' operations globally. It has resulted in a number of restrictive and preventive measures imposed by public authorities as well as private organizations around the world to manage and prevent the spread of the virus. Since the duration of the COVID-19 pandemic and its future impacts on the global economy, consumer and business confidence and the operations of the Group cannot be accurately predicted, there can be no assurance that the business of the Group could not be adversely affected by the COVID-19 pandemic.

### ***Markets where the Group operates are competitive***

The Group operates in the construction sector providing roof renovations and roof product installations mainly to single family homes, terraced houses and smaller apartment buildings under its "weatherproof in a day" -service concept, production of steel roofing sheets and manufacturing, installation and direct sales of rainwater systems and roof safety products. The Group currently operates in Finland, where it offers the complete array of its services, as well as in Sweden, where it currently focuses on providing roof renovations.

The markets in the Group's business area are competitive. In the Finnish roof renovation market, the Group encounters competition from both nationwide operators as well as smaller, locally operating specialists. In the rainwater system and roof safety product segment, the Group faces competition from smaller, locally operating specialists. The Swedish roof renovation market is highly fragmented and operators in the Group's market are typically small. Barriers to entry into the roof renovation market are low especially in the highly fragmented Swedish market.

New competition in the Group's business areas can arise, *inter alia*, by current operators expanding their business. Moreover, the competitive landscape in the Group's business areas can be altered through acquisitions and consolidations. Furthermore, the Group's new or existing competitors may benefit from greater financial resources than the Group and may have considerable marketing and personnel resources as well as brand-name recognition.

Moreover, existing or new operators in the markets where the Group operates could be more successful than the Group in growing their market share. Increased competition and e.g. aggressive pricing by operators aiming to gain a larger market share may require the Group to offer its services at a lower price especially not to lose price sensitive customers. Increased competition in the industry could result also in difficulties in recruiting and retaining skilled workforce.

Furthermore, other operators in the business areas where the Group operates may gain competitive advantage by having, developing or acquiring more efficient processes, machinery or access to more financial or personnel resources. This could result in increased investment costs for the Group to maintain its competitiveness. Innovations by new or existing operators could disrupt the prevailing business models or processes in the Group's business areas. Increased competition by one or more of the ways described above could lead to increased marketing costs and resource allocation to customer relationship management to seek out new customers and retain current customers. The Group is dependent upon being able to distinguish itself and to compete with its competitors in terms of activities such as launching new service concepts, innovations in pricing, improvements in promotional and marketing activities and business strategies. The Group's possibility to compete also depends upon the Group's ability to anticipate future market changes and trends and to rapidly react on existing and future market needs.

Increased competition within the industry could lead to downward pressure on prices, lower profit margins, loss of market share and increased competition for qualified personnel. Such factors and other consequences of increased competition may have an adverse effect on the Group's business, financial position and results.

## **Risks Relating to the Group's Operations**

### ***Shortcomings in project planning, pricing and execution could have a material adverse effect on the Group***

The results and especially the profitability of the Group, which the management of the Group identifies as an important strategic objective both in its established unit network in Finland and Sweden, may be affected by several factors, such as the efficiency and success of sales and tendering processes, the availability of skilled managers and other key personnel to prepare project calculations and pricing as well as efficiency of project management.

The Group's results and profitability are dependent on the efficient sales of its products and services and the availability of skilled employees in the preparation of tender calculations and customer contracts. The local management of the Group's business units have certain independent decision-making power with regards to pricing, due to which it is also important that the Group has consistent practices in place. The Group bears the responsibility for the planning and execution of its renovation or installation projects. Therefore, in addition to the availability of skilled employees in preparing accurate renovation plans based on a survey of the condition of the target structure and in preparing cost calculations, the Group's profitability is dependent on available expertise in project management and work management including cost control and optimisation in the implementation of the Group's renovation and installation projects. Shortcomings in relation thereto can result in increased costs and reduced profitability.

The Group is responsible for ensuring that any of its renovation or installation projects are completed within the timetable agreed with the customer. A delay in a project timetable could lead to claims from a customer and reputational damage to the Group. A delay may be due to a failure in planning or execution or other reasons attributable to the Group's own actions. Delays could, however, be caused by factors outside the Group's control, such as weather conditions. Further, even if a delay does not materialise, failures in planning or execution of projects may cause a need for the Group's employees to work overtime to meet the original timetable, which may cause additional personnel expenses to the Group.

The risk of negative consequences as a result of shortcomings in project planning, calculations and pricing or project management is particularly high in projects where the Group is not able to renegotiate the project price or may renegotiate it only partly. In addition to impacts on the Group's profitability, any failures in the planning of project execution and in the calculation of project costs causing unwanted surprises to a customer could lead to lowered customer experience and significant reputational damage to the Group. Failure in terms of project management or work management may also affect the quality of services provided with potential liability for warranties. Shortcomings in project planning, pricing and execution as well as other factors mentioned above may have a material adverse effect on the Group's business, financial position and results.

### ***Failure to maintain sufficient personnel pool as well as recruit, retain and train qualified personnel and management could have material adverse effect on the Group***

The Group's success and ability to continue to maintain and grow its business and to provide high-quality roof renovation and installation services, roof products and underground drain renovations materially depends on the professional skills and contribution of the Group's management both at the Group level and the level of the Group's business units, which are essential in implementing the Group's business and growth strategies and strengthening a culture aligned with the Group's values. Further, the Group's success is to a large extent dependent on its ability to retain, recruit, train and motivate highly skilled employees at every level of its organization. There is a risk that the Group will not be able to maintain a sufficient personnel pool as well as recruit, train and retain professionally skilled management, supervisors and other employees. As the Group offers training for roof installations also to employees who have no previous experience, there is a risk of losing these trained employees later to another company or to a completely different industry. Further, there is a risk of integration failure, if the Group is unable to integrate new employees joining the Group from businesses acquired in accordance with its growth strategy to its own business culture affecting the

Group's business operations and reputation. Any loss of senior management or other employees with special expertise, skills relevant to the development of the business of the Group and/or motivation to strive towards the Group's targets and failure to attract and retain suitable replacements of such managers or employees, could undermine the Group's ability to implement its strategy as well as the efficiency and profitability of Group's operations and, respectively, have a material adverse effect on the Group's business, financial position and results.

***Fluctuating prices and difficulties in sourcing raw materials could have a material adverse effect on the Group***

Changes in the availability and market prices of raw materials used in Group's business operations could have a material impact on the profitability of the Group's business. Especially fluctuations in the price of steel, aluminium, wood and fuel are significant for the business operations of the Group. The Group's ability to timely pass price increases on to its customers through increases in the prices of its own services and products is dependent on several external factors, such as competitive pressures. If the prices of raw materials rise significantly or there are significant interruptions in the supply of any raw materials used by the Group, the Group may have to purchase raw materials from alternative sources, which could have a considerable impact on the Group's ability to offer competitively priced products to its customers in a timely manner. Therefore, a rise in the prices of raw materials or energy, that cannot be transferred to the prices of the Group's products and services could have an adverse effect on Group's business, financial position and results.

***Failure to implement Group's strategy and the strategy proving unsuccessful could have a material adverse effect on the Group***

The Group's growth strategy is materially dependent on the Group's ability to increase and develop its sales in each of its operating segments as well as on the Group's successful expansion. The growth of the Group's sales is dependent on, among other things, the Group's ability to further develop its project concept and develop new service concepts through development of the Group's existing products and services and through successful acquisitions of new portfolio companies, strengthen brand recognition as a reliable and responsible partner and train and retain key managers and employees who are central for the implementation of its strategic objectives. The Group's expansion is dependent on factors such as consumer needs and preferences as well as accurate estimations of consumer behaviour in the Group's target markets.

The Group's management estimates that the Group has been able to utilise its conceptualised services and its business model covering the entire service chain from product development and manufacturing of products to the sales and installation of the roof and roof safety products and rainwater systems as a competitive advantage in developing its nation-wide unit network and growing its market share in Finland and aims to utilise the model in its further expansion. However, there is a risk that the Group's service concept will not become established in new markets and will not gain an established customer base. Moreover, the business concept of the Group could not comply with local building regulations, customs or prevailing practices. A failure by the Group to launch new concepts or open new locations in Finland could cause expenses to the Group and materially affect its brand, business, financial condition and results. Any damage to the reputation of the Group caused by, for example failures in project planning, delays in project execution, any problems in the quality of services or products or negative publicity related to e.g. responsibility and health and safety issues, even if any such damage would be due to the work carried out by the Group's subcontractors or due to the quality of the products provided by the Group's suppliers, could have an adverse effect on the Group's business operations and hamper the Group's growth. A failure by the Group to implement its strategy, the strategy proving unsuccessful or materialization of any of the abovementioned risks could adversely affect the Group's business, financial position and results.

***Recent and future acquisitions and divestments present financial, managerial and operational risks to the Group***

The Group continuously assesses potential investments to develop its business as well as to grow and expand its operations. There is a risk that future acquisition activities, including the past acquisition of Salaojakympt Oy and its subsidiaries, will present certain financial, managerial and operational risks, including difficulties when integrating or separating businesses with existing operations and challenges presented by acquisitions which do not achieve synergy or sales levels and profitability that justify the investments made by the Group. If future acquisitions are not successfully integrated, or integration is prolonged, there is a risk that the Group's expenses are increased and its business, financial condition and results of operations will be adversely affected. Furthermore, any past or future acquisitions may contain unidentified risks, which could adversely affect the Group, the Group's business and its financial position. Also, there is a risk that future acquisitions will result in the incurrence of debt, contingent liabilities, amortisation costs, impairment of goodwill or restructuring charges, any of which will have an adverse effect on the Group's business, earnings or financial position. Future acquisitions may also include undertakings by the Group to pay additional purchase price to the sellers. Such additional payments may have adverse effects on the financial position of the Group. Materialization of any of the risks described above could have a material adverse effect on the Group's business, financial position and results.

***Group's reputation and ability to obtain new customers is dependent on good customer relations***

The Group's roof renovation and roof installation operations are characterised by a large number of projects with the majority of the Group's current customers being consumers or housing companies. The Group is dependent on good customer relations and the Group's ability to perform projects cost-effectively and with high quality is crucial for the Group's success. Customer relations may be adversely affected by shortcomings in the Group's services or products which could lead to the risk of contractual penalties, warranty claims or damages, but also affect the Group's reputation and ability to obtain new customers and thereby deteriorate the outlook for future earnings. Deteriorating relations with customers may have a material adverse effect on the Group's business, financial position and results.

***Unfavourable weather conditions could have a material adverse effect on the Group***

The Group offers roof renovation and installation services, which cover the largest part of the Group's revenue, outdoors which means that it is exposed to varying weather conditions in carrying out its business operations. For example, heavy rain or cold and snowy winters may interrupt or materially slow down the execution of any roof renovation projects leading to delays in project execution and also increase project expenses. Interruptions or significant delays to projects or a shortening of the working season could lead to losses of income, expose the Group to compensation obligation towards its customers or damage the Group's reputation. Unfavourable weather conditions may thus have a material adverse effect on the Group's business, financial position and results.

***Negative publicity relating to the Group could deteriorate the value of Group's brands and affect negatively on the Group's demand***

The Group is a well-established operation with high brand recognition within its industry as consequence of its successful operations over the years. Negative publicity or announcement relating to the Group may, regardless of whether justified, deteriorate the value of the Group's Vesivek and Nesco brands, affect negatively on the Group's demand and have a negative effect on the Group's business, financial position and results.

***Failure to establish, manage and protect brands or intellectual property rights could have a material adverse effect on the Group***

The Group's brands are important to the Group's business and respectively the protection of the Group's brands, most importantly Vesivek and Nesco, is important in protecting Group's business. The Group also protects its innovative products, such as rainwater drainage and roof safety products developed by Nesco as well as Vesivek's roofing profiles, with appropriate intellectual property rights, such as trademarks and patents, depending on the product in question. The Group actively monitors its intellectual property rights and seeks to prevent all violations against its brands, trademarks and other intellectual property and takes legal actions when necessary. There can be no assurance, however, that the measures taken by the Group are sufficient in all situations. Furthermore, expansion to new markets may increase the costs associated with measures to establish, protect and enforce the Group's brands and intellectual property rights. Failure to establish, manage and protect brands or intellectual property rights could have a material adverse effect on the Group's business, financial position and results. For further information on the Group's intellectual property rights see "*Description of the Issuer — Intellectual property rights*".

***Materialization of risks related to product safety, damage claims and warranties could have a material adverse effect on the Group***

The Group's products are covered by statutory product liability, and separate provisions have been issued regarding the selling of consumer products or the production of consumer services. In certain cases, like if a product carries CE marking, the seller of a product must recall a defective and possibly dangerous product from the market. Even though the Group invests in the quality control of its products, there is no assurance that risks relating to product safety would not materialize in the Group's business. Materialization of the risks relating to product safety could cause financial losses to the Group and reduce the value of Group's brand. Furthermore, errors in the Group's products and installation services could lead to warranty or damage claims. Moreover, a failure by the Group to ensure that all of its products and services are in line with the customer agreements and meet the customers' expectations may cause the Group to lose customers to competitors and deteriorate the Group's brand. A materialization of risks related to product safety, errors in the Group's products and services and damage or warranty claims could have a material adverse effect on the Group's business, financial position and results.

***In its operations the Group is dependent on its suppliers of materials as well as to a limited extent on the hiring and performance of subcontractors***

The Group's business model is based on the Group covering the entire service chain from product development and manufacturing of products to the sales and installation of the roof and roof safety products and rainwater systems. In its operations the Group is dependent on its suppliers of materials as well as to a limited extent on the hiring and performance of subcontractors. The key suppliers of the Group consist of, among other things, suppliers of steel, aluminium, wood, fuel, roof-covering sheets and tools and machinery as well as subcontractors providing scaffoldings. The Group is dependent on the deliveries of its suppliers and subcontractors corresponding to the agreed requirements as regards for example, quantity, quality and delivery time, and can in particular be adversely affected to the extent increased costs in such supply agreements cannot be transferred to the customer. Problems with capacity, disruptions in production and increase in prices with suppliers, as well as shortcomings in subcontractors' performance of services, may adversely affect the Group's business, financial position and results.

Finnish legislation concerning contractor's liability requires that the company that concludes a contract concerning work to be performed by subcontractors must ensure that such subcontractors comply with their statutory obligations. When using subcontractors, the Group must ensure that the contractual partner duly observes its obligations as an employer, has been registered with the appropriate tax registers and has duly paid its taxes. A failure to control such factors or any deficiencies in conducting such check-ups could lead to a penalty for negligence.

Materialization of any of the risks mentioned above could have a material adverse effect on the Group's business, financial position and results.

***Group's work may be disrupted due to work stoppages and strikes***

The Group's business is relatively labour intensive and a part of the Group's staff are unionized and covered by collective labour agreements. Labour organizations are not always able to negotiate new collective agreements before the expiration of effective agreements and any prolonged collective agreement negotiations may result in labour disputes and industrial action. In the past, the Group has been able to avoid extensive strikes and other work stoppages by its employees. However, any future labour disputes in the Group's business operations or related sectors may have an adverse effect on the Group's business. Furthermore, labour disputes among any stakeholders that are important to the Group, may have an adverse effect on the Group's business operations. Any strikes or work stoppages among the Group's employees or among any of the Group's stakeholders may have a material adverse effect on the Group's business, financial position and results.

***Losses may arise and claims may be presented to the Group going beyond what is covered by the Group's current insurance coverage***

There is a risk that losses may arise and claims may be presented to the Group going beyond what is covered by the Group's current insurance coverage. Even if a claim is fully covered, the Group's premiums to its insurance provider may increase as a result of insurance claims. Furthermore, there is a risk that the scope of the Group's insurances will not cover all risks that materialise within the Group's business resulting in the total amount of the Group's losses not being compensated by the Group's insurance policies in case of damages. Moreover, certain events may not be insurable and under certain circumstances, the insurance company is not obliged to compensate a damage in full or at all. Hence, there is a risk that the Group will be required to pay for any losses, damages and liabilities leading to adverse effects on the Group's business, financial position and results.

**Legal and Regulatory Risks**

***Industry where the Group operates is subject to strict health and safety laws and regulations and non-compliance could lead to accidents and liability for the Group***

In general, the frequency of accidents at construction sites is relatively high and the Group operates in a business segment subject to extensive laws and regulations regarding the work environment. Despite required health and safety measures and, for example, the use of scaffoldings on its construction sites improving the safety of the personnel, the Group is exposed to the risk of, possibly even fatal, accidents at the workplace especially on its roof renovation sites but also at its manufacturing facilities. In addition to physical injuries, employees of the Group are exposed to risks related to hazardous substances as certain of the Groups renovation sites contain asbestos. Respectively, the Group must also comply with specific environmental regulations with respect to asbestos. Finnish legislation includes particularly stringent requirements for any activities involving asbestos and the safety requirements for such activities. Any failure to comply with the regulations concerning health and safety or asbestos related activities may result in liability for the Group and/or the Group's permit being revoked. For example, if Group's permit to handle asbestos would be revoked, the Group would need to stop all business activities relating to handling of asbestos and acquire the work through subcontractors. Moreover, all potential accidents and health impacts have an adverse effect on its personnel's well-being. The Group as an employer is exposed to the risks related to health and safety issues of its employees possibly resulting in reduced working capacity of employees.

Strict health, safety and environmental regulations applicable to the Group's industry entail that the Group's employees must comply with such safety regulations. A failure by the Group, its employees, its subcontractors or other third parties to comply with health and safety standards and regulations could cause personal injury, death, damage to property and equipment, business interruption, and similar consequences which, in turn, can lead to claims for damages and, in extreme cases, criminal liability. Furthermore, accident investigations carried out in co-operation with the authorities result in expenses and may delay ongoing work

on sites. The Group's insurance premiums could rise if the frequency of accidents increases. The Group must allocate adequate resources to following legislative development and to ensure compliance with changes in legislation, regulations or standards, which may result in expenses for the Group. Additionally, violations of health and safety regulations could lead to negative publicity and adversely affect the Group's brand and its possibility to procure new customers. These risks and other labour protection, health and safety risks entail responsibility exposures that may have an adverse effect on the Group's business, financial position and results.

***Non-compliance with environmental laws, data protection and privacy laws, tax regulations as well as other laws, regulations and regulatory requirements could have a material adverse effect on the Group***

The Group's business is or may be affected by a number of different laws and regulations including, without limitation, occupational safety and health laws, environmental and waste regulation, consumer protection laws and regulations, data protection and privacy laws, building regulations, competition laws, employment laws and tax laws. The Group and especially its manufacturing operations is subject to laws and regulatory requirements in respect of environmental protection and require environmental permits and/or waste management permits like handling of asbestos, which the Group could be unable to renew, or which could be revoked. Also, changes in the terms of such permits may require the Group to take essential measures and result in considerable expenses for the Group.

Further, the Group registers, processes, stores and uses sensitive employment relationship data, customer data and other personal data in the course of its business, and it is of high importance that the Group conducts such actions in accordance with applicable personal data legislation and requirements. The Group's operations are subject to a number of laws relating to data privacy, including the General Data Protection Regulation (EU 2016/679, the "**GDPR**") as well as relevant local data protection and privacy laws setting requirements for the processing of personal data and data security as well as defining the obligations of the data controller and data processor. Effective implementation of data security requires that the information systems used by the Group are both structurally and functionally reliable and that the information is, for example, backed up to be protected from destruction. However, the risk of data breach cannot be entirely ruled out. Possible causes of personal data breaches could include coding errors in information systems, human errors in the processing of physical or electronic personal data, errors occurring in the transfers of large amounts of data from one system to another or employees or third parties viewing, revealing or using personal data without permission. Breach of data privacy legislation could result in the Group being subject to claims regarding infringement of privacy rights, and it could face administrative or criminal proceedings initiated against it by the data protection regulators or other competent authorities. Data processing in breach of the GDPR could result in fines amounting to the higher of EUR 20 million or 4 per cent. of the Group's revenue. In addition, any inquiries made, or proceedings initiated by, relevant authorities could lead to negative publicity in addition to potential liability for the Group. Should any of these risks materialise, it would materially adversely affect the Group's financial condition, reputation and business.

In addition, the Group operates in Finland and Sweden and conducts its business in accordance with its own interpretation of applicable tax regulations and applicable requirements and decisions. There is a risk that the Group's or its advisers' interpretation and the Group's application of laws, provisions and judicial practice has not been, or will in the future not be, correct or that such laws, provisions and practice will be changed, potentially with retroactive effect. If such an event should occur, the Group's tax liabilities can increase, which would have a negative effect on the Group's results and financial position. Revisions to tax regulations could for example comprise denied interest deductions, additional taxes or expansion on currently existing tax basis and/or tax losses carried forward being forfeited, which could affect the Group's results and financial position in the future.

Non-compliance with applicable laws and regulations in any of the markets where the Group operates or enters into or in any of the segments in which the Group currently operates or might enter into, could lead to the Group being subject to major damages or be required to change its operations. New or amended legislation and regulations could result in increased or unexpected costs or impose restrictions on the development of the business operations of the Group. In addition, any inquiries made, or proceedings

initiated by, relevant authorities could lead to negative publicity in addition to potential liability for the Group.

***Disputes and litigation costs could have a material adverse effect on the Group***

The Group may from time to time become involved in disputes. Such disputes may for example result in demands or payments and/or correction of work and any other consequences associated with failure in the provision of services. In addition, the Group may be subject to outstanding receivables and other situations that can force the Group to take legal action.

The Group has insurance policies in place to cover the expenses of litigation and a potential unfavourable outcome of a dispute. However, there is a risk that the Group's insurance company deems the insurance coverage to not apply for to a specific dispute, which would cause the Group to carry the complete cost in case of an unfavourable outcome. The Group could become involved in significant legal proceedings in the future, which would have an adverse effect on the Company's business, financial position and results.

**Risks Relating to the Group's Financing**

***Group is exposed to financial risks relating to interest costs and adequacy of funding***

In addition to the Bonds, the Group finances its business operations by Super Senior RCF (as defined in the *Terms and Conditions of the Bonds*), a EUR 2 million multicurrency revolving credit facility agreement with Danske Bank A/S, Finland Branch as lender, as well as through retained earnings. The Group also has shareholder loans from the Issuer's shareholders which amounted to EUR 10.8 million as at the end of the financial year ended 31 January 2021 and which carry interest at coupon rate of 6.00 per cent p.a. For further information on Super Senior RCF and shareholder loans see "*Financial and Other Information — Current Financing Arrangements*". Furthermore, the Group may in compliance with the limits set out in the final Terms and Conditions further incur financial indebtedness to finance its business operations. Such financing may generate interest costs which may be higher than the gains produced by the investments made by the Group. Borrowing money to make investments will increase the Group's exposure to the loss of capital and higher interest expenses.

Further, the Group is exposed to changes in interest rates through its financing agreements that carry floating rates of interest. Interest rates are affected by a number of factors that are beyond the control of the Group, including but not limited to the interest rate policies of governments and central banks. An increase in interest rates would entail an increase in the Group's interest obligations, which could have a negative effect on the Group's business, financial position and results.

The Group may, in the future, become in breach of financial covenants and other obligations in its financing agreements that constitute grounds for termination or acceleration. A failure by the Group to obtain necessary capital in the future, or obtaining financing on less favourable terms, may have an adverse effect on the Group's business, financial position and results.

***Group's operations are subject to seasonality***

As the services forming the majority of the Group's result are offered outdoors, the Group is exposed to seasonal changes. In recent years, the Group has developed its operations into year-round operations. Despite such efforts, seasonality remains a part of the Group's operations.

Seasonal changes cause fluctuation to the Group's results. During the winter months, the demand for the Group's roof and roof product and rainwater system installation services is typically lower compared to warmer months, which is generally reflected in lower operating results and may affect the short-term liquidity of the Group. The Group strives to minimize its dependence on weather conditions and the impacts of seasonal changes by diversifying the services it provides and expanding its geographical coverage in Finland. Furthermore, efficient planning and timing of its installation projects taking into account the limitations caused by different seasons are tools utilised by the Group to mitigate the impacts of seasonality.

However, there is a risk that these actions are not sufficient and/or successful resulting in changes in the levels of business operations due to seasonal restrictions may weaken the Group's cash flow. The seasonal nature of the Group's business may thus have a material adverse effect on the Group's business, financial position and results.

***Counterparty risk, if it materialises, could have a material adverse effect on the Group***

The Group's contractual relationships involve a risk relating to the counterparties' ability to fulfil their contractual obligations, such as paying their maturing contractual debts. This risk is in a prominent role for the Group particularly regarding important suppliers and customer contracts.

In its customer contracts, the Group is subject to the credit risk of its customers. In its customer contracts, the Group provides credit only to corporate clients with appropriate credit information or rating. Consumer receivables from roof renovations and roof product installations are directed in Finland to a home improvement loan product "Laatutili" offered by OP Bank. In Sweden, SveaEkonomi and Wasa Kredit provide loans to the Group's customers and the banks bear the related credit risk in both consumer finance options. Also, OP Bank carries the credit risk under the loans it provides. However, there can be no assurance that the Group will receive payment for all its receivables on time or at all. Counterparties failing to pay receivables as they fall due may incur debt collection related expenses to the Group and tie up the Group's resources.

In the Group's supplier or subcontractor contracts, counterparty risks relate mainly to the fulfilment of or compliance with other contractual obligations. The Group may suffer damage, for example, from subcontractors' or suppliers' errors or delays. Such errors or delays may lead to delays in the Group's own customer contracts or installation project causing potential claims against the Group. Such costs may not be fully transferable to the contractual party responsible for the error or delay. Any errors, delays or negligence committed by the Group's contractual partners in fulfilling their contractual obligations may have a material adverse effect on the Group's business, financial position and results.

***Group is exposed to transaction risk and exchange rate risk related to fluctuations in the exchange rate of the Swedish krona and the Euro***

The Group operates in Finland and in Sweden which exposes the Group to transaction risk and exchange rate risk related to fluctuations in the exchange rate of the Swedish krona and the Euro. The Group companies are exposed to transaction risk when they enter into agreements that are subject to payments in other currencies than the currency of their operations. The Group's Swedish subsidiary enters into purchasing contracts in Euro and the Group's Finnish subsidiaries conduct business in Sweden in the Swedish krona. The Bonds are also issued in Swedish krona. The Group is consequently subject to risks related to exchange rate fluctuations, such as when the exchange rate changes from the time a contract is entered into until payment under the contract is made. The costs of exchanging currencies may also be significant. From an accounting perspective, the Group is exposed to risks related to the conversion to the Euro of the Swedish subsidiary's profit and loss accounts and balance sheets in Swedish krona. Increases and decreases in Euro in relation to the Swedish krona thus affect the consolidated financial statements even if the value has not changed in the local currency. The Group does not currently protect itself against risks associated with foreign exchange rates except for the Bonds of which SEK 200,000,000 has been protected with currency hedging. Materialization of any of the abovementioned risks may have an adverse effect on the Group's business, financial position and results.

**Risks relating to the Bonds**

***Majority shareholder's interest may conflict with those of the Bondholders***

The Issuer is controlled by a majority shareholder, Sentica Buyout IV Ky, which together with Sentica Buyout IV Co-investment Ky directly controls approximately 52.8 per cent of the shares in the Issuer. The majority shareholder's interest may conflict with those of the Bondholders, particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. A majority shareholder has legal power to

control a large amount of the matters to be decided by vote at shareholders' meeting. For example, a majority shareholder will have the ability to elect the board of directors. Furthermore, a majority shareholder may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to the Bondholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise, it could have a significant negative effect on the Group's operations, earnings, financial position and results. The majority shareholder may also decide to transfer all or significant part of its shares. According to the Terms and Conditions, if a Change of Control Event occurs, the Bondholders have however a right of prepayment of the Bonds (put option). There is thus a risk that the Issuer does not have enough liquidity to repurchase the Bonds if the Bondholders use their right of prepayment, see further under section "*The Issuer has a right to redeem Bonds prior to maturity and the Issuer may become obliged to redeem Bonds upon Change of Control Event*" below.

***The Issuer has a right to redeem the Bonds prior to maturity and the Issuer may become obliged to redeem the Bonds upon Change of Control Event***

Under the Terms and Conditions, the Issuer reserves the possibility to redeem all outstanding Bonds before the Final Maturity Date. If the Bonds are redeemed before the Final Maturity Date, the holders of the Bonds have the right to receive a call option amount which exceeds the Nominal Amount in accordance with the Terms and Conditions. However, there is a risk that the market value of the Bonds is higher than the call option amount and that it may not be possible for the Bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate.

According to the Terms and Conditions, the Bonds will be subject to prepayment at the option of each Bondholder (put options) if one or more persons (not being the existing main shareholders), acting together, (a) acquires or controls, directly or indirectly, more than 50 per cent. of the shares of the Issuer, or (b) has the right to, directly or indirectly, appoint or remove the whole or a majority of the members of the board of directors of the Issuer. There is, however, a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which would adversely affect the Issuer, e.g. by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all Bondholders and not only those that choose to exercise the option.

***The value of the Bonds is dependent on the level of market interest rate***

The value of the Bonds depends on several factors, one of the most significant being the level of market interest over time. The Bonds bear interest at a floating rate of STIBOR 3 months plus a margin. Hence, the interest rate is to a certain extent adjusted for changes in the level of the general interest rate. Also, the fundamentals of STIBOR may be subject to changes in the future due to regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). There is a risk that an increase of the general interest rate level will have a significant negative effect on the value of the Bonds. The general interest rate level is to a high degree affected by conditions in Finnish and international financial markets and is outside the Group's control.

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

Investors in the Bonds carry a credit risk relating to the Group. The Bondholders' ability to receive payment under the Terms and Conditions is dependent on the Issuer's ability to meet its payment obligations, which, in turn, is largely dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors of which some have been mentioned above. There is a risk that an increased credit risk may cause the market to charge the Bonds a higher risk premium, which will have a significant negative effect on the value of the Bonds. Another aspect of the credit risk is that a deterioration of the financial position of the Group would reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds.

***Issuer is dependent on sufficient income from its subsidiaries to make payments under the Bonds***

A significant part of the Group's assets and revenues relates to the Issuer's wholly owned subsidiaries. Accordingly, the Issuer is dependent upon receipt of sufficient income related to the operation of and the ownership in such entities to enable it to make payments under the Bonds. The Issuer's subsidiaries are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer's obligations and commitments, including the Bonds, or other than contractually based on intra-Group agreements, to make funds available for such payments. The ability of the Issuer's subsidiaries to make such payments to the Issuer is subject to, among other things, the availability of funds. Should the Issuer not receive sufficient income from its subsidiaries, the Issuer's ability to make payments under the Terms and Conditions would be adversely affected.

***The Bonds are structurally subordinated in the event of insolvency of subsidiaries***

All material assets of the Group are owned by, and all revenues are generated in, the subsidiaries of the Issuer. The subsidiaries are legally distinct from the Issuer and have no other than contractually based on intra-Group agreements, obligation to make payments to the Issuer of any profits generated from their business. The ability of the subsidiaries to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and legal restrictions.

If the Issuer is not able to receive funds by way of dividends or otherwise from one or more subsidiary, this would affect the Issuer's ability to service its payment obligations under the Bonds which poses a risk and would have a material adverse effect on the Issuer's business, financial position, earnings and result.

The Group or its assets may not be protected from any actions by the creditors of any subsidiary of the Group, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries of the Issuer may result in the obligation of the Issuer to make payments under guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

***The regulation and reform of benchmarks could adversely affect the value of Bonds linked to referencing such benchmark***

Interest payable on the Bonds will be calculated by reference to STIBOR. The process for determining STIBOR and other interest-rate benchmarks is subject to an on-going reform process that has already resulted in a number of legislative acts and other regulations. Some of these acts and regulations have already been implemented whilst some are set to be implemented in the near future. The most extensive initiative in this respect to date is the Benchmark Regulation (Regulation (EU) 2016/1011 of the European parliament and of the council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014). The Benchmark Regulation came into force on 1 January 2018. The Benchmark Regulation addresses the provision of benchmarks, the contribution of input data to benchmarks and the use of benchmarks within the European Union. The effect of the Benchmark Regulation cannot yet be fully determined due, among other things, to the limited time period that the regulation has been applicable. However, there is a risk that the Benchmark Regulation will affect how certain benchmarks are determined and how they develop in the future. This could, for example, lead to increased volatility regarding some benchmarks. A further potential risk is that increased administrative requirements, and resulting regulatory risk, may discourage stakeholders from participating in the production of benchmarks, or that some benchmarks cease to be provided. If this would happen in respect of a benchmark that is used for the Bonds, it could potentially have negative effects for the Bondholders.

***The rights of the Bondholders depend on the actions of the Agent***

In accordance with the Terms and Conditions, the Agent will represent all Bondholders in all matters relating to the Bonds and the Bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual Bondholders will not have the right to take legal actions to declare any default by

claiming any payment from or enforcing any security granted by the Issuer and may therefore lack effective remedies unless and until a requisite majority of the Bondholders agree to take such action.

However, there is a risk that an individual Bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions) which would have a negative impact on an acceleration of the Bonds or other action against the Issuer.

To enable the Agent to represent Bondholders in court, the Bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all Bondholders to submit such a power of attorney would negatively affect the legal proceedings. Under the Terms and Conditions, the Agent have in some cases the right to make decisions and take measures that bind all Bondholders. Consequently, there is a risk that actions of the Agent in such matters would impact a Bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the Bondholders.

#### ***Decisions by the Bondholders may be made with requisite majority***

The Terms and Conditions include certain provisions regarding Bondholders' meetings and written procedures. Such meetings and procedures may be held in order to resolve on matters relating to the Bondholders' interests. The Terms and Conditions will allow for stated majorities to bind all Bondholders, including Bondholders who have not taken part in the meeting or procedure and those who have voted differently to the required majority at a duly convened and conducted Bondholders' meeting or written procedure. Consequently, there is a risk that actions of the majority in such matters would impact a Bondholder's rights in a manner that would be undesirable for some of the Bondholders.

#### **Risks relating to Bond Market**

##### ***Active trading market for the Bonds may not develop***

The Issuer has undertaken to ensure that the Bonds are listed on the Open Market of Frankfurt Stock Exchange within 60 days from the first issue date, with an intention to complete such listing within 30 days from the first issue date, and on a regulated market within 12 months after the first issue date of the Bonds. The Bonds are listed on Frankfurt Stock Exchange Open Market and the Bonds are expected to be admitted to trading on the corporate bond segment of Nasdaq Stockholm on or about 8 February 2022. However, there is a risk that the Bonds will not be admitted to trading on the corporate bond segment of Nasdaq Stockholm. Further, even if securities, including the Bonds, are admitted to trading on a regulated market, there is not always active trading in the securities. In general, trading volumes may be low in respect of securities, such as the Bonds, with a nominal value of SEK 1,250,000 and so far, trading volumes of the Bonds have been low on the Open Market of Frankfurt Stock Exchange. Thus, there is a risk that there will not be a liquid market for trading in the Bonds or that this market will be maintained. This may result in that the Bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds.

Furthermore, the market value of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors, some of which have been discussed. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market value of the Bonds without regard to the Group's operating results, financial position or prospects. In addition, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if they are admitted to trading on the corporate bond segment of Nasdaq Stockholm. Thus, there is a risk that the market value of the Bonds will be affected by any of the foregoing factors, if they were to materialise.

It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at terms found reasonable by the Bondholder(s)) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

***Completion of transactions relating to the Bonds is dependent on Euroclear's operations and systems***

The Bonds will be affiliated to Euroclear's account-based system, meaning that no physical notes have been or will be issued. Clearing and settlement relating to the Bonds is carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors will therefore be dependent on the functionality of Euroclear's account-based system and there is a risk that any problems thereof would have a negative effect on the payment of interest and repayment of principal under the Bonds.

***The Issuer has not commissioned any credit rating for the Bonds or itself***

The Issuer or the Bonds have not been assigned any credit ratings at the request or with co-operation of the Issuer in the rating process. Accordingly, investors may not be able to refer to any independent credit rating agency when evaluating the factors that may affect the value of the Bonds. The absence of rating may reduce the liquidity of the Bonds as investors often base part of their decision to buy debt securities on the credit rating. The absence of rating may also increase the borrowing costs of the Issuer.

**Risks related to the Transaction Security and the Guarantees**

***Transaction Security and Guarantees may be insufficient to cover all the obligations secured thereby***

Although the Issuer's obligations towards the Bondholders under the Bonds will be secured by Guarantees granted by the Guarantors and certain Transaction Security (including pledges in respect of all shares in each Guarantor, certain business mortgages, certain real property mortgages and any current and future Material Intercompany Loans), there is a risk that the Guarantees and the proceeds of any enforcement sale of the Transaction Security are insufficient to satisfy all amounts then owed to the Bondholders.

As part of the Transaction Security securing the Bonds, the Issuer has pledged all current and future Material Intercompany Loans granted by the Issuer to its subsidiaries. Should the debtors under such Material Intercompany Loans not be able to fulfil their obligations under these receivables, the value of the security package will diminish.

If the subsidiaries whose shares are pledged in favour of the Bondholders are subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, there is a risk that the shares in such subsidiaries could then have limited value because all of the subsidiaries' obligations must first be satisfied, potentially leaving little or no remaining assets in the subsidiary for the Bondholders. As a result, there is a risk that the Bondholders will not recover full or any value in the case of an enforcement sale of such pledged shares. In addition, there is a risk that the value of the shares subject to the pledge could decline over time. If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the Bondholders will only have an unsecured claim against the remaining assets (if any) of the Issuer for the amounts which remain outstanding under or in respect of the Bonds.

In respect of Vesivek Sverige AB, the Group only owns approximately 91 per cent. of the issued shares and the security granted over the shares in Vesivek Sverige AB comprises only the shares held by the Group. The value of security granted over shares not covering 100 per cent. of the shares issued in a company is limited since a potential buyer in connection with an enforcement of the security will not acquire all shares issued in such company. Furthermore, the shares in Vesivek Sverige AB are subject to post-sale purchase right and right of first refusal clauses, which will make an enforcement procedure prolonged and involves a risk that a potential buyer may not have the right to complete the purchase of the pledged shares. There is thus a risk that an enforcement in respect of the security granted over the shares in Vesivek Sverige AB cannot be made on favorable terms or at all, which will diminish the value of the security granted.

Each investor should consider the risk that the security granted in respect of the Bonds might be ineffective in respect of any of the Issuer's obligations under the Bonds in the event the Issuer is declared bankrupt, enters into reconstruction proceedings or is liquidated. If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the Bondholders will only have an unsecured claim against the remaining assets (if any) in the Issuer for the amounts which remain outstanding under or in respect of the Bonds, which means that the Bondholders normally would receive payment (pro rata with other unsecured non-priority creditors) after any priority creditors have been paid in full. Each investor should be aware that by investing in the Bonds, it risks losing the entire, or part of, its investment in the event of the Issuer's liquidation, bankruptcy or company re-organisation.

***Enforcement of Transaction Security will be subject to the procedures and limitations set out in the Intercreditor Agreement***

The Group will incur additional debt under the Super Senior RCF which will, in accordance with the terms of the Intercreditor Agreement rank senior to the Bonds. Further, the Issuer may incur additional financial indebtedness which will rank *pari passu* with the Bonds and will benefit from the same Transaction Security. The relation between certain of the Issuer's secured creditors (including the Bondholders) (jointly the "**Secured Parties**") and the Security Agent will be governed by the Intercreditor Agreement. Although the obligations under the Bonds and certain other obligations of the Group towards other Secured Parties will be secured by first priority security, there is a risk that the proceeds of any enforcement sale of the Transaction Security will not be sufficient to satisfy all amounts then owed to the Secured Parties. Furthermore, if the Issuer issues subsequent Bonds, the security position of the current Bondholders may be impaired.

The Security Agent will in accordance with the Intercreditor Agreement in some cases take instructions from a super senior representative representing those super senior creditors (including the super senior RCF creditor and the hedge counterparties) whose Super Senior Debt at that time aggregate to more than 50 per cent of the total Super Senior Debt. There is a risk that the Security Agent and/or a super senior representative will act in a manner or give instructions not preferable to the Bondholders. In addition, the Security Agent will in some cases take instructions from a senior representative, representing those senior creditors (including the Bondholders) whose senior debt at that time aggregate to more than 50 per cent of the total senior debt. If the outstanding Super Senior Debt towards the super senior creditors or senior debt towards other senior creditors than the Bondholders exceed the obligations under the Bonds, the Bondholders will therefore not be in a position to control the enforcement procedure. If the outstanding obligations of the Group towards other Secured Parties than the Bondholders increase, there is a risk that the security position of the Bondholders is impaired. Furthermore, there is a risk that the security will not at all times cover the outstanding claims of all Secured Parties (including the Bondholders).

The Intercreditor Agreement also contains provisions regarding the application of proceeds from an enforcement of the Transaction Security where any agent will receive payments first, secondly any super senior creditor under any Super Senior Debt (including liabilities under the Super Senior RCF and Hedging Agreement), thirdly any senior creditor pro rata under any senior debt (including the Bondholders) and lastly any creditor under any Shareholder Debt and intercompany debt. There is a risk that the enforcement proceeds will not be sufficient in order for the Issuer to satisfy the waterfall provisions above.

***Insolvency administrator may not respect the Intercreditor Agreement***

The Intercreditor Agreement contains provisions for the sharing between the Secured Parties of the proceeds received from the enforcement of the Transaction Security and Guarantees. If a Secured Party receives enforcement proceeds or other payments in excess of what is stipulated by the Intercreditor Agreement, such Secured Party is obligated to pay such amount to the Security Agent for application in accordance with the waterfall provisions set out in the Intercreditor Agreement. However, it is not certain that a Secured Party or a bankruptcy administrator of a Secured Party would respect the Intercreditor Agreement which potentially could adversely affect the other Secured Parties (including the Bondholders).

***The rights of the Bondholders in relation to Transaction Security depend on the actions of the Security Agent***

The Bondholders will be represented by the Security Agent in all matters relating to the Transaction Security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the Transaction Security. The Security Agent shall take enforcement instructions from the Bondholders. However, it is possible that the Security Agent will act in a manner that is not preferable to the Bondholders.

The Security Agent is entitled to enter into agreements with the Issuer or a third party or take any other actions necessary for the purpose of maintaining, releasing or enforcing the Transaction Security or for the purpose of settling, among others, the Bondholders' rights to the Transaction Security.

***Enforcement of the Transaction Security will be subject to legal risks***

There is a risk that the Transaction Security granted to secure the Bonds could be unenforceable or enforcement of the Transaction Security could be delayed according to mandatory Finnish law or any other applicable laws. Furthermore, there is a risk that the enforceability of the Transaction Security could be subject to a certain degree of uncertainty due to certain limitations set out in the Finnish Companies Act (Fin: *Osakeyhtiölaki*, 624/2006, the “**Finnish Companies Act**”) (sections 1 and 10 of chapter 13) regulating corporate benefit, unlawful distribution of funds and prohibited financial assistance that may restrict a Group Company’s ability to grant Transaction Security or Guarantees. For example, the Transaction Security or the Guarantees granted by the Group Companies may not be enforceable if the granting of the Transaction Security or the Guarantees were considered to be economically unjustified for a Group company (corporate benefit requirement). Similar limitations also apply to Transaction Security and Guarantees granted by any Swedish Group Companies under Swedish law.

Further, under certain circumstances, the Finnish Act on Recovery to Bankruptcy Estate (Fin: *Laki takaisinsaannista konkurssipesään*, 758/1991) may require that the Transaction Security and the Guarantees will be recovered to the bankruptcy estate of the relevant security provider in case of a Group Company’s insolvency. While, as a general rule, security granted at the time when a debt is issued is not subject to a recovery risk, pursuant to the mandatory Finnish recovery rules a transaction may be (subject to certain pre-requisites) revoked, if the transaction was concluded within certain period of time before the application for bankruptcy, reorganization or execution was filed with the competent court (the length of such hardening period varying depending on a type of transaction and the parties thereto). Generally, a recovery risk in respect of a security or guarantee may arise, if during a recovery period, a new security asset is granted as security or an existing security asset is replaced with a new security asset, the value of which exceeds the value of the replaced security asset. The above described also applies to security and guarantees granted under Swedish law under the Swedish recovery regime. If any part of the Transaction Security or Guarantee is recovered, such part of the Transaction Security or Guarantee would not secure the Bonds. In such case, there can be no assurance that any remaining Transaction Security or Guarantees would be sufficient to cover the Issuer’s obligations under the Bonds in full or in part.

There is also a risk that applicable law could require that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party or the security provider. Further, there is a risk that the Transaction Security will not be considered as validly perfected if the Security Agent or the relevant security provider is not able to or does not take the actions necessary to perfect or maintain the perfection of any such Transaction Security. Such failure could result in the invalidity of the relevant Transaction Security or adversely affect the priority of such Transaction Security in favour of third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same security.

If the Issuer were to be unable to make repayments under the Bonds and a court was to render a judgment that the Transaction Security granted in respect of the Bonds was unenforceable, there is a risk that the Bondholders could find it difficult or impossible to recover the amounts owed to them under the Bonds. Each investor should consider the risk that the security granted in respect of the Bonds might be ineffective in

respect of any of the Issuer's obligations under the Bonds in the event the Issuer is declared bankrupt, enters into reconstruction proceedings or is liquidated. If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the Bondholders will only have an unsecured claim against the remaining assets (if any) in the Issuer for the amounts which remain outstanding under or in respect of the Bonds, which means that the Bondholders normally would receive payment (pro rata with other unsecured non-priority creditors) after any priority creditors have been paid in full. Each investor should be aware that by investing in the Bonds, it risks losing the entire, or part of, its investment in the event of the Issuer's liquidation, bankruptcy or company reorganisation.

In addition, there is a risk that any enforcement could be delayed due to any inability to sell the Transaction Security in a timely and efficient manner.

***Group may incur additional financial indebtedness and provide additional security for such indebtedness***

The Group may, subject to the limitations set out in the Intercreditor Agreement and other Senior Finance Documents, incur additional financial indebtedness and provide additional security for such indebtedness. In the event of bankruptcy, reorganisation or winding-up of the Issuer, the Bondholders will be subordinated in right of payment out of the assets being subject to Transaction Security. In addition, if any such third-party financier holding security provided by the Group would enforce such security due to a default by any Group Company under the relevant finance documents, such enforcement would have a negative effect on the Group's assets, operations and ultimately the position of the Bondholders.

## **RESPONSIBILITY STATEMENT**

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

HLRE Holding Oyj

Pirkkala, Finland

## **GENERAL INFORMATION**

### **Forward-looking Statements**

This Prospectus contains forward-looking statements about Group's business that are not historical facts, but statements about future expectations. When used in this Prospectus, the words "aims", "anticipates", "assumes", "believes", "estimates", "expects", "will", "intends", "may", "plans", "should" and similar expressions as they relate to the Group or Group's management identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements are set forth in a number of places in this Prospectus regarding the future results, plans and expectations with regard to the Group's business, and on growth, profitability and the general economic conditions to which the Group is exposed.

These forward-looking statements are based on the Group's present plans, estimates, projections and expectations. They are based on certain expectations, which, even though they seem to be reasonable at present, may turn out to be incorrect. Such forward-looking statements are based on assumptions and are subject to various risks and uncertainties. Prospective investors should not unduly rely on these forward-looking statements. Numerous factors may cause actual results, realized revenues or performance to differ materially from the results, revenues and performance expressed or implied in the forward-looking statements of the Group. See "*Risk Factors*" for information on factors that could cause the Group's actual results of operations, performance or achievements to differ materially.

The Group expressly disclaims any obligation to update forward-looking statements or to adjust them in light of future events or developments, save as required by law or regulation.

### **Market and Third-Party Information**

This Prospectus contains estimates regarding the market position of the Group. Such information is prepared by the Group based on third-party sources and the Group's own internal estimates. In many cases, there is no publicly available information on such market data. The Group believes that its estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which it operates as well as its position within this industry. Although the Group believes that its internal market observations are fair estimates, they have not been reviewed or verified by any external experts and the Group cannot guarantee that a third-party expert using different methods would obtain or generate the same results.

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

### **Availability of the Prospectus**

This Prospectus will be published on the Issuer's website at [www.vesivek.fi/investors/](http://www.vesivek.fi/investors/) on or about 4 February 2022.

### **No Incorporation of Website Information**

For the avoidance of doubt, other than the parts of the documents incorporated by reference and specified in "*Documents Incorporated by Reference*," this Prospectus and any prospectus supplement published on the Issuer's website, the contents of the Issuer's website or any other website do not form a part of this Prospectus, and prospective investors should not rely on such information in making their decision to invest in the Bonds.

### **Other Information**

In this Prospectus, references to "euro" or "EUR" are to the currency of the member states of the EU participating in the European Economic and Monetary Union and references to "Swedish krona" or "SEK" refer to the lawful currency of Sweden.

## TERMS AND CONDITIONS OF THE BONDS<sup>1</sup>

### 1. DEFINITIONS AND CONSTRUCTION

#### 1.1 Definitions

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

"**Account Operator**" means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Bondholder has opened a Securities Account in respect of its Bonds.

"**Accounting Principles**" means the generally accepted accounting principles, standards and practices in Finland as applied by the Issuer in preparing its annual consolidated financial statements.

"**Acquisition**" means the acquisition of Salaojakympit Oy by the Issuer or any of its Subsidiaries.

"**Additional Guarantor**" means each Group Company that has acceded to the Guarantee and Adherence Agreement pursuant to Clause 13.13 (*Additional Guarantors*).

"**Adjusted Nominal Amount**" means the Total Nominal Amount less the Nominal Amount of all Bonds owned by a Group Company or an Affiliate, irrespective of whether such Person is directly registered as owner of such Bonds.

"**Advance Purchase Agreements**" means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment in the normal course of business with credit periods which are normal for the relevant type of project contracts, or (b) any other trade credit incurred in the ordinary course of business.

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

"**Agency Agreement**" means the agency agreement entered into on or prior to the First Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent.

"**Agent**" means Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden or another party replacing it, as Agent, in accordance with these Terms and Conditions.

"**Bond**" means a debt instrument (Sw. *skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds.

"**Bondholder**" means the Person who is registered on a Securities Account as direct registered

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<sup>1</sup> Terms and Conditions of the Bonds included herein reflect the technical amendment agreed with the Agent on 31 January 2022 to the SEK amount included in the Clause 16(e)(i) in the Amendment Request Letter available on the Issuer's website at [www.vesivek.fi/investors/](http://www.vesivek.fi/investors/).

owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Bond.

**"Bondholders' Meeting"** means a meeting among the Bondholders held in accordance with Clause 17 (*Bondholders' Meeting*).

**"Bond Issue"** means the Initial Bond Issue and any Subsequent Bond Issue.

**"Business Day"** means a day in Sweden or Finland other than a Sunday or other public holiday. Saturdays, Midsummer Eve (Fi. *juhannusaatto*, Sw. *midsommarafton*), Christmas Eve (Fi. *jouluaatto*, Sw. *julafton*) and New Year's Eve (Fi. *uudenvuodenaatto* Sw. *nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

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

**"Call Option Amount"** mean the amount set out in Clause 9.3 (*Voluntary total redemption (call option)*), as applicable.

**"Change of Control Event"** means the occurrence of an event or series of events whereby one or more Persons, not being the Main Shareholders (or an Affiliate of the Main Shareholders), acting together, acquire control over the Issuer and where "control" means (a) acquiring or controlling, directly or indirectly, more than fifty (50.00) per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove all or a majority of the directors of the board of directors of the Issuer.

**"Compliance Certificate"** means a certificate to the Agent, in the agreed form between the Agent and the Issuer, signed by the CFO, the CEO or an authorised signatory of the Issuer, certifying (as applicable):

- (a) that so far as it is aware no Event of Default is continuing or, if it is aware that an Event of Default is continuing, specifying the event and steps, if any, being taken to remedy it;
- (b) if the Compliance Certificate is provided in connection with an Incurrence Test, that the relevant Incurrence Test is met (including figures in respect of the relevant financial tests and the basis on which they have been calculated);
- (c) if the Compliance Certificate is provided in connection with that a Financial Report is made available, that the Maintenance Covenant is met (including figures in respect of the relevant financial tests and the basis on which they have been calculated; and
- (d) if the Compliance Certificate is provided in connection with that audited annual financial statements are made available, the Material Group Companies, confirmation of the Guarantor Coverage and details of any existing Material Intra-Group Loan.

**"CSD"** means the Issuer's central securities depository and registrar in respect of the Bonds, from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden.

**"CSD Business Day"** means a day on which the CSD's book-entry securities system is open in accordance with the regulations of the CSD.

**"Dividend Incurrence Test"** means the dividend incurrence test set out in Clause 12.4(b).

**"Disbursement Date"** means the date of disbursement of the Net Proceeds from the Initial Bond Issue from the Proceeds Account pursuant to Clause 4(d).

**"EBITDA"** means, in respect of the Reference Period, the consolidated profit of the Group

from ordinary activities according to the latest Financial Report(s):

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Group;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account any extraordinary items which are not in line with the ordinary course of business provided that such items are not in excess of an amount equal to ten (10.00) per cent. of EBITDA in the Reference Period;
- (d) before taking into account any Transaction Costs and any transaction costs relating to any acquisition of any additional target company;
- (e) not including any accrued interest owing to any Group Company;
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;
- (i) plus or minus the Group's share of the profits or losses of entities which are not part of the Group; and
- (j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of members of the Group.

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

"**Event of Default**" means an event or circumstance specified in any of the Clauses 14.1 (*Non-Payment*) to and including Clause 14.10 (*Continuation of the Business*).

"**Final Maturity Date**" means 12 February 2024.

"**Finance Charges**" means, for the Reference Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any member of the Group according to the latest Financial Reports (calculated on a consolidated basis) other than Transaction Costs, any interest in respect of any loan owing to any member of the Group or capitalised interest in respect of any Shareholder Debt and taking no account of any unrealised gains or losses on any derivative instruments other than any derivative instrument which are accounted for on a hedge accounting basis.

"**Finance Documents**" means:

- (a) these Terms and Conditions;
- (b) the Agency Agreement;
- (c) the Proceeds Account Pledge Agreement;

- (d) the Security Documents;
- (e) the Guarantee and Adherence Agreement;
- (f) the Sponsor Equity Guarantee Agreement;
- (g) the Intercreditor Agreement; and
- (h) any other document designated by the Issuer and the Agent or the Security Agent as a Finance Document.

"**Finance Leases**" means any finance leases, to the extent the arrangement is or would have been treated as a finance or a capital lease in accordance with the Accounting Principles applicable on the First Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability), and for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles as applicable on the First Issue Date shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as a finance lease.

"**Financial Indebtedness**" means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any Finance Leases;
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above paragraphs (a)-(f).

"**Financial Instruments Accounts Act**" means the Swedish Financial Instruments Accounts Act (*lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

"**Financial Report**" means the Group's annual audited financial statements or quarterly interim unaudited reports, which shall be prepared and made available according to Clauses 11.1(a)(i) and 11.1(a)(ii).

"**First Issue Date**" means 12 February 2021.

"**Floating Rate Margin**" means 6.60 per cent. *per annum*.

"**Force Majeure Event**" has the meaning set forth in Clause 26(a).

"**Group**" means the Issuer and each of its Subsidiaries from time to time and "**Group Company**" means any of them.

**"Guarantee and Adherence Agreement"** means the guarantee and adherence agreement pursuant to which the Guarantors shall, amongst other, (i) guarantee all amounts outstanding under the Senior Finance Documents, including but not limited to the Bonds, plus accrued interests and expenses, (ii) agree to subordinate all subrogation claims, and (iii) undertake to adhere to the terms of the Senior Finance Documents.

**"Guarantees"** means the guarantees provided by the Guarantors under the Guarantee and Adherence Agreement.

**"Guarantors"** means each Original Guarantor and each Additional Guarantor.

**"Hedging Agreement"** shall have the meaning given thereto in the Intercreditor Agreement.

**"Hedging Obligations"** shall have the meaning given thereto in the Intercreditor Agreement.

**"Incurrence Test"** means the incurrence test set out in Clause 12.4(a).

**"Incurrence Tests"** means the Incurrence Test and the Dividend Incurrence Test or one of these tests as the context permits.

**"Initial Bond Issue"** means the issuance of the Initial Bonds.

**"Initial Bonds"** means the Bonds issued on the First Issue Date.

**"Insolvent"** means, in respect of a relevant Person, that it is deemed to be insolvent, within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), admits inability to pay its debts as they fall due, suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

**"Intercreditor Agreement"** means the intercreditor agreement entered into between, amongst other, the Issuer, the super senior RCF creditors under the Super Senior RCF, the facility agent under the Super Senior RCF, certain hedging counterparties, the shareholders in respect of any Shareholder Debt and any provider of New Debt (as defined therein) and the Agent (representing the Bondholders) and the Security Agent.

**"Interest"** means the interest on the Bonds calculated in accordance with Clauses 8(a) to 8(c).

**"Interest Payment Date"** means 12 February, 12 May, 12 August and 12 November each year. The first Interest Payment Date shall be 12 May 2021. The last Interest Payment Date shall be the Final Maturity Date (or such earlier date on which the Bonds are redeemed in full). To the extent any of the above dates is not a CSD Business Day, the CSD Business Day following from an application of the Business Day Convention.

**"Interest Period"** means (i) in respect of the first Interest Period, the period from (but excluding) the First Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

**"Interest Rate"** means STIBOR (three (3) months) plus the Floating Rate Margin.

**"Issuer"** means HLRE Holding Oy, a limited liability company incorporated in Finland with reg. no. 2611405-7.

**"Issuing Agent"** means Pareto Securities AB, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**"Leverage Ratio"** means the ratio of Net Interest Bearing Debt to EBITDA.

**"Main Shareholders"** means Sentica Buyout IV Ky and Sentica Buyout IV Co-Investment Ky, acting separately or jointly, or an Affiliate thereof.

**"Maintenance Covenant"** means the maintenance covenant set out in Clause 12.1 (*Maintenance Covenant*).

**"Market Loan"** means any loan or other indebtedness where an entity issues commercial paper, certificates, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on any Regulated Market, MTF or other unregulated recognised market place.

**"Material Adverse Effect"** means a material adverse effect on:

- (a) the business, financial condition or operations of the Group taken as a whole;
- (b) the Group's ability to perform and comply with the Finance Documents; or
- (c) the validity or enforceability of the Finance Documents.

**"Material Group Company"** means the Issuer, any Guarantor and any other Group Company with earnings before interest, tax, depreciation and amortisation calculated on the same basis as EBITDA representing five (5.00) per cent. or more of EBITDA, or which has assets representing five (5.00) per cent. or more of the total assets of the Group, calculated on a consolidated basis according to the latest annual audited consolidated financial statements of the Group.

**"Material Intercompany Loan"** means any intercompany loans provided by the Issuer to any of its Subsidiaries where:

- (a) the term of the intercompany loan is at least twelve (12) months (the term to be determined by the Issuer); and
- (b) the principal amount thereof is at least in an amount exceeding EUR 500,000.

**"MTF"** means any multilateral trading facility as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended.

**"Net Finance Charges"** means, for the Reference Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Reference Period to any member of the Group and any interest income relating to cash or cash equivalent investment (and excluding any interest capitalised on Shareholder Debt).

**"Net Interest Bearing Debt"** means the aggregate interest bearing Financial Indebtedness less cash and cash equivalents of the Group in accordance with the Accounting Principles (for the avoidance of doubt, excluding any Bonds owned by the Issuer, guarantees, bank guarantees, Shareholder Debt, any claims subordinated pursuant to a subordination agreement on terms and conditions satisfactory to the Agent and interest bearing Financial Indebtedness borrowed from any Group Company).

**"Net Proceeds"** means the proceeds from a Bond Issue after deduction has been made for the Transaction Costs payable by the Issuer to the Sole Bookrunner (if the Sole Bookrunner has requested that their fees and costs shall be deducted) and the Issuing Agent for the services provided in relation to the placement and issuance of the Bonds.

"**Nominal Amount**" has the meaning set forth in Clause 2(c).

"**Obligors**" means the Issuer and each Guarantor.

"**Original Guarantors**" means HLRE Group Oy, a limited liability company incorporated in Finland with business ID 2607255-5, Vesivek Oy, a limited liability company incorporated in Finland with business ID 0951383-0, Nesco Oy, a limited liability company incorporated in Finland with business ID 0432656-9 and Vesivek Sverige AB, a limited liability company incorporated in Sweden with reg. no. 559043-6118.

"**Permitted Debt**" means any Financial Indebtedness:

- (a) incurred under the Bonds (other than Subsequent Bonds);
- (b) incurred under a Super Senior RCF in an amount not exceeding the Super Senior Headroom as defined in the Intercreditor Agreement;
- (c) arising under a foreign exchange transaction or a commodity transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business or in respect of payments to be made under the Terms and Conditions and/or any Super Senior RCF, but not any transaction for investment or speculative purposes;
- (d) arising under any interest rate hedging transactions in respect of payments to be made under the Terms and Conditions and/or the Super Senior RCF, but not any transaction for investment or speculative purposes;
- (e) incurred under the Refinancing Debt until the Disbursement Date;
- (f) of the Group incurred pursuant to any Finance Leases incurred in the ordinary course of the Group's business and relating to real estate;
- (g) incurred pursuant to any Finance Leases entered into in the ordinary course of the Group's business and relating to equipment, in a maximum aggregate amount not exceeding the higher of (i) EUR 7,000,000 or (ii) sixty (60.00) per cent. of EBITDA;
- (h) incurred by a Group Company from another Group Company (including any cash pool arrangements);
- (i) incurred under any Shareholder Debt;
- (j) incurred by the Issuer if such Financial Indebtedness meets the Incurrence Test tested *pro forma* including such incurrence, and:
  - (i) is incurred as a result of a Subsequent Bond Issue; or
  - (ii) ranks *pari passu* with the obligations of the Issuer under the Finance Documents and has a final maturity date or, when applicable, early redemption dates or instalment dates which occur on or after the Final Maturity Date; or
  - (iii) is subordinated to the obligations of the Issuer under the Finance Documents and has a final maturity date or, when applicable, early redemption dates or instalment dates which occur after the Final Maturity Date;
- (k) incurred under Advance Purchase Agreements;
- (l) incurred under any pension liabilities;

- (m) arising under any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability in the ordinary course of business of a Group Company;
- (n) incurred in connection with the redemption of the Bonds in order to fully refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the redemption of the Bonds (taking into account the rules and regulations of the CSD), for the purpose of securing, *inter alia*, the redemption of the Bonds; and
- (o) not covered under paragraphs (a)-(n) above in an aggregate maximum amount of EUR 1,000,000.

**"Permitted Security"** means any Security:

- (a) provided under the Finance Documents and otherwise permitted pursuant to the Intercreditor Agreement;
- (b) provided for any foreign exchange transaction or commodity transaction, permitted under paragraph (c) of the definition of "Permitted Debt";
- (c) under the Refinancing Debt, up until the Disbursement Date;
- (d) provided in relation to any lease agreement entered into by a Group Company in the ordinary course of business and on normal commercial terms;
- (e) arising under any netting or set-off arrangement entered into by any Group Company in the ordinary course of its banking arrangements, including cash pool arrangements, for the purpose of netting debit and credit balances of Group Companies;
- (f) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or Security in respect of any monies borrowed or raised);
- (g) provided over bank accounts and/or proceeds pertaining to sold receivables with respect to factoring on a non-recourse basis;
- (h) provided for any letter of credit, guarantee or indemnity, permitted under paragraph (m) of the definition "Permitted Debt"; and
- (i) provided for any interest rate hedging transactions permitted under paragraph (d) of the definition "Permitted Debt".

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

**"Proceeds Account"** means a bank account of the Issuer, into which the Net Proceeds from the Initial Bond Issue will be transferred and which has been pledged in favour of the Agent and the Bondholders (represented by the Agent) under the Proceeds Account Pledge Agreement.

**"Proceeds Account Pledge Agreement"** means the pledge agreement entered into between the Issuer and the Agent on or prior to the First Issue Date in respect of a first priority pledge over the Proceeds Account and all funds held on the Proceeds Account from time to time, granted in favour of the Agent and the Bondholders (represented by the Agent).

**"Quotation Day"** means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

**"Record Date"** means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 15 (*Distribution of Proceeds*), (iv) the date of a Bondholders' Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

**"Redemption Date"** means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 9 (*Redemption and Repurchase of the Bonds*).

**"Reference Date"** means 31 January, 30 April, 31 July and 31 October in each year for as long as any Bonds are outstanding.

**"Reference Period"** means each period of twelve (12) consecutive calendar months.

**"Refinancing Debt"** means the existing senior loan in an aggregated amount of approximately EUR 24,600,000 granted by Danske Bank A/S, Finland Branch.

**"Regulated Market"** means any regulated market as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended.

**"Restricted Payment"** has the meaning set forth in Clause 13.2(a).

**"Secured Obligations"** shall have the meaning given to such term in the Intercreditor Agreement.

**"Secured Parties"** shall have the meaning given to such term in the Intercreditor Agreement.

**"Securities Account"** means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (i) an owner of such security is directly registered or (ii) an owner's holding of securities is registered in the name of a nominee.

**"Security"** means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any Person, or any other agreement or arrangement having a similar effect.

**"Security Agent"** means the security agent, appointed by the Secured Parties pursuant to the Intercreditor Agreement, holding the Transaction Security on behalf of the Secured Parties, being Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden on the First Issue Date.

**"Security Documents"** means the security documents pursuant to which the Transaction Security is created and any other document designated as a Security Document by the Issuer and the Security Agent.

**"Senior Finance Documents"** shall have the meaning given to the term in the Intercreditor Agreement.

**"Shareholder Debt"** means any shareholder loan made to the Issuer as debtor, if such loan:

(a) according to the Intercreditor Agreement is subordinated to the obligations of the Issuer

under the Senior Finance Documents;

- (b) according to its terms has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Maturity Date; and
- (c) according to its terms yield only payment-in-kind interest and/or cash interest that is payable after the Final Maturity Date unless a Restricted Payment is permitted under the Finance Documents.

"**Sole Bookrunner**" means Pareto Securities AB.

"**Sponsor Equity Guarantee**" means the sponsor equity guarantee set out in Clause 12.3 (*Sponsor Equity Guarantee*).

"**Sponsor Equity Guarantee Agreement**" means the sponsor equity guarantee agreement entered into between, amongst other, the Issuer, the Agent and the Main Shareholder pursuant to which the Main Shareholder shall provide the Sponsor Equity Guarantee for any Restricted Payment following the First Issue Date.

"**STIBOR**" means:

- (a) the applicable percentage rate *per annum* of the Stockholm interbank offered rate for STIBOR fixing administered and calculated by the Swedish Financial Benchmark Facility (or any other person which takes over the administration of that rate) and displayed on the appropriate Reuters screen (or through such other system or on such other page as replaces the said system or page) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period; and if any such rate is below zero, STIBOR will be deemed to be zero (0).

"**Subsequent Bond Issue**" has the meaning set forth in Clause 2(e).

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

"**Subsidiary**" means, in respect of which such Person, directly or indirectly:

- (a) owns shares or ownership rights representing more than fifty (50.00) per cent. of the total number of votes held by the owners;
- (b) otherwise controls more than fifty (50.00) per cent. of the total number of votes held by the owners; or
- (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body.

"**Super Senior Debt**" has the meaning given thereto in the Intercreditor Agreement.

"**Super Senior RCF**" has the meaning given thereto in the Intercreditor Agreement.

"**Swedish Kronor**" and "**SEK**" means the lawful currency of Sweden.

"**Target Company**" means Salaojakympit Oy, a limited liability company incorporated in Finland with business ID 2801523-9 and each of its Subsidiaries from time to time.

"**Total Nominal Amount**" means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time.

"**Transaction Costs**" means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other member of the Group in connection with (i) a Bond Issue, (ii) the Super Senior RCF and (iii) the refinancing of the Refinancing Debt.

"**Transaction Security**" means the Security provided for the Secured Obligations pursuant to the Security Documents, initially being:

- (a) a Finnish law governed pledge over all the shares in Vesivek Oy granted by HLRE Group Oy;
- (b) a Finnish law governed pledge over all the shares in Nesco Oy granted by Nesco Invest Oy;
- (c) a Finnish law governed pledge over all the shares in HLRE Group Oy granted by the Issuer;
- (d) a Swedish law governed pledge over all the shares owned by Vesivek Oy in Vesivek Sverige AB, being approximately 91 per cent. of the shares issued in Vesivek Sverige AB, granted by Vesivek Oy;
- (e) a Finnish law governed business mortgage over the assets in HLRE Group Oy in the amount of EUR 57,200,000, with best priority;
- (f) a Finnish law governed business mortgage over the assets in Vesivek Oy in the amount of EUR 57,200,000, with best priority;
- (g) a Finnish law governed business mortgage over the assets in Nesco Invest Oy in the amount of EUR 57,200,000, with best priority;
- (h) a Finnish law governed business mortgage over the assets in Nesco Oy in the amount of EUR 57,200,000, with best priority;
- (i) a Swedish law governed business mortgage over the assets in Vesivek Sverige AB in the amount of SEK 20,000,000, with best priority;
- (j) pledge over any current and future Material Intercompany Loans;
- (k) a Finnish law governed pledge over real estate mortgage certificates in the total amount of EUR 13,673,208.07 in respect of Orimattila production plant with property no. 560-418-9-942, granted by Nesco Oy; and
- (l) a Finnish law governed pledge over real estate mortgage certificates in the total amount of EUR 46,800,000 in respect of Lieto industrial hall with property no. 423-428-13-1, granted by Vesivek Oy.

"**Written Procedure**" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 18 (*Written Procedure*).

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (i) "assets" includes present and future properties, revenues and rights of every description;
  - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - (iii) a "regulation" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (iv) an Event of Default is continuing if it has not been remedied or waived;
  - (v) a provision of law is a reference to that provision as amended or re-enacted; and
  - (vi) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.
  - (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
  - (d) No delay or omission of the Agent, the Security Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.
  - (e) The privacy notice and any other information contained in this document before the table of contents section do not form part of these Terms and Conditions and may be updated without the consent of the Bondholders and the Agent.

## 2. STATUS OF THE BONDS

- (a) The Bonds are denominated in Swedish Kronor and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The nominal amount of each Bond is SEK 1,250,000 (the "**Nominal Amount**"). The total nominal amount of the Initial Bonds is SEK 300,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of ninety-nine (99.00) per cent. of the Nominal Amount.
- (d) The minimum permissible investment in a Bond Issue is SEK 1,250,000.
- (e) Provided that the Incurrence Test is met, the Issuer may, at one or several occasions, issue Subsequent Bonds (each such issue, a "**Subsequent Bond Issue**"). Subsequent Bonds shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount and the Final

Maturity Date applicable to the Initial Bonds shall apply to Subsequent Bonds. The price of the Subsequent Bonds may be set at a discount or at a premium compared to the Nominal Amount. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed SEK 400,000,000 unless a consent from the Bondholders is obtained in accordance with Clause 16(e)(i). Each Subsequent Bond shall entitle its holder to Interest in accordance with Clause 8(a), and otherwise have the same rights as the Initial Bonds.

- (f) The Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank (i) without any preference among them and (ii) at least *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except (A) those obligations which are mandatorily preferred by law and (B) the super senior ranking of the Super Senior Debt in accordance with the Intercreditor Agreement.
- (g) The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- (h) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

### **3. USE OF PROCEEDS**

- (a) The proceeds from the Initial Bond Issue shall be used to:
  - (i) refinance the Refinancing Debt and finance the purchase of leased assets;
  - (ii) finance the Acquisition;
  - (iii) finance Transaction Costs; and
  - (iv) finance general corporate purposes, including acquisitions and investments.
- (b) The proceeds from any Subsequent Bond Issue shall be used to finance general corporate purposes, including acquisitions and investments.

### **4. CONDITIONS PRECEDENT**

- (a) The payment of the Net Proceeds from the Initial Bond Issue to the Proceeds Account is subject to the Agent having received documents and evidence of the Proceeds Account Pledge Agreement being duly executed and perfected.
- (b) The Issuer shall provide, or procure the provision of, to the satisfaction of the Agent:
  - (i) constitutional documents and corporate resolutions (approving the relevant Finance Documents and authorising a signatory/-ies to execute the Finance Documents) for the Issuer and each other party to a Finance Document (other than the Agent), together constituting evidence that the Finance Documents have been duly executed;
  - (ii) copies of the Finance Documents, duly executed;

- (iii) evidence that any Financial Indebtedness and/or existing Security not constituting Permitted Debt or Permitted Security, as applicable, incurred or granted by or over any Group Company has been or will simultaneously be repaid or released, as applicable, on or prior to the Disbursement Date;
  - (iv) evidence by way of a release letter that the security existing in favour of the Refinancing Debt will be released and discharged upon repayment of the Refinancing Debt;
  - (v) evidence that the Transaction Security either has been or will be perfected in accordance with the terms of the Finance Documents;
  - (vi) an agreed form Compliance Certificate;
  - (vii) legal opinion(s) on the capacity and due execution, in respect of any non-Finnish and non-Swedish entity being party to a Finance Document issued by a reputable law firm; and
  - (viii) legal opinion(s) on the validity and enforceability of any Finance Document not governed by Finnish or Swedish law issued by a reputable law firm.
- (c) The Agent may assume that the documentation and evidence delivered to it pursuant to Clause 4(b) is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not have any obligation to review the documentation and evidence referred to in Clause 4(b) above from a legal or commercial perspective of the Bondholders.
  - (d) When the conditions precedent for disbursement set out in Clause 4(b) have been received to the satisfaction of the Agent (acting reasonably), the Agent shall instruct the bank (with which the Issuer holds the Proceeds Account) to transfer the funds from the Proceeds Account for the purpose set out in Clause 3 (*Use of Proceeds*), and the Agent shall thereafter or in connection therewith release the pledge over the Proceeds Account.
  - (e) If the conditions precedent for disbursement set out in Clause 4(b) have not been fulfilled to the satisfaction of the Agent (acting reasonably) or waived by the Agent within sixty (60) Business Days from the First Issue Date, the Issuer shall repurchase all Bonds at a price equal to one hundred (100.00) per cent. of the Nominal Amount together with any accrued Interest. Any funds distributed by the Agent to the Bondholders in accordance with the Proceeds Account Pledge Agreement shall be deemed to be paid by the Issuer for the redemption under this Clause 4(e). Any shortfall shall be covered by the Issuer. The repurchase date shall fall no later than thirty (30) Business Days after the ending of the sixty (60) Business Days period referred to above.

## **5. BONDS IN BOOK-ENTRY FORM**

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.

- (c) The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such Persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

## **6. RIGHT TO ACT ON BEHALF OF A BONDHOLDER**

- (a) If any Person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such Person.
- (b) A Bondholder may issue one or several powers of attorney or other authorisation to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **7. PAYMENTS IN RESPECT OF THE BONDS**

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) If a Bondholder has registered, through an Account Operator, that principal, interest or any other payment shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue without any default interest in accordance with Clause 8(d) during such postponement.
- (d) If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such

payment was made to a Person not entitled to receive such amount.

- (e) The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

## **8. INTEREST**

- (a) Each Initial Bond carries Interest at the Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance (or the First Issue Date if there is no such Interest Payment Date) up to (and including) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- (d) If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2.00) per cent. higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **9. REDEMPTION AND REPURCHASE OF THE BONDS**

### **9.1 Redemption at maturity**

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

### **9.2 Issuer's purchase of Bonds**

The Issuer may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way. The Bonds held by the Issuer may at the Issuer's discretion be retained or sold but not cancelled.

### **9.3 Voluntary total redemption (call option)**

- (a) The Issuer may redeem all, but not only some, of the outstanding Bonds in full on any CSD Business Day:
  - (i) any time from and including the First Issue Date to, but excluding, the first CSD Business Day falling eighteen (18) months after the First Issue Date at an amount per Bond equal to one hundred and three point thirty (103.30) per cent. of the Nominal Amount plus the remaining interest payments, calculated in accordance with Clause 9.3(c), up to, but excluding, the first CSD Business Day falling eighteen (18) months after the First Issue Date, together with accrued but unpaid Interest;

- (ii) any time from and including the first CSD Business Day falling eighteen (18) months after the First Issue Date to, but excluding, the first CSD Business Day falling twenty-four (24) months after the First Issue Date at an amount per Bond equal to one hundred and three point thirty (103.30) per cent. of the Nominal Amount, together with accrued but unpaid Interest;
  - (iii) any time from and including the first CSD Business Day falling twenty- four (24) months after the First Issue Date to, but excluding, the first CSD Business Day falling twenty-seven (27) months after the First Issue Date at an amount per Bond equal to one hundred and two point thirty-one (102.31) per cent. of the Nominal Amount, together with accrued but unpaid Interest;
  - (iv) any time from and including the first CSD Business Day falling twenty- seven (27) months after the First Issue Date to, but excluding, the first CSD Business Day falling thirty (30) months after the First Issue Date at an amount per Bond equal to one hundred and one point sixty-five (101.65) per cent. of the Nominal Amount, together with accrued but unpaid Interest;
  - (v) any time from and including the first CSD Business Day falling thirty (30) months after the First Issue Date to, but excluding, the first CSD Business Day falling thirty-three (33) months after the First Issue Date at an amount per Bond equal to one hundred point ninety-nine (100.99) per cent. of the Nominal Amount, together with accrued but unpaid Interest; and
  - (vi) any time from and including the first CSD Business Day falling thirty- three (33) months after the First Issue Date to, but excluding, the Final Maturity Date at an amount per Bond equal to one hundred point sixty- six (100.66) per cent. of the Nominal Amount, together with accrued but unpaid Interest;
- (b) Redemption in accordance with Clause 9.3(a) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent. The notice shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfillment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.
- (c) For the purpose of calculating the remaining interest payments pursuant to Clause 9.3(a)(i) it shall be assumed that the Interest Rate for the period from the relevant record date to the first CSD Business Day falling eighteen (18) months after the First Issue Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders. The relevant record date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such repayment.

#### **9.4 Mandatory repurchase due to a Change of Control Event (put option)**

- (a) Upon the occurrence of a Change of Control Event each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to one hundred and one (101.00) per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) days following a notice from the Issuer of the Change of Control Event pursuant to Clause 11.1(d) (after which time period such rights lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event.
- (b) The notice from the Issuer pursuant to Clause 11.1(d) shall specify the repurchase date

and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 11.1(d). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 9.4(a).

- (c) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.4 by virtue of the conflict.
- (d) Any Bonds repurchased by the Issuer pursuant to this Clause 9.4 may at the Issuer's discretion be retained or sold but not cancelled.

## **10. TRANSACTION SECURITY AND GUARANTEES**

- (a) Subject to the Intercreditor Agreement, as continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer, the Guarantors and each Group Company party to any Security Document and/or the Guarantee and Adherence Agreement grants the Transaction Security and the Guarantees (as applicable) to the Secured Parties as represented by the Security Agent on the terms set out in the Security Documents and the Guarantee and Adherence Agreement (as applicable).
- (b) The Security Agent shall hold the Transaction Security and the Guarantees on behalf of the Secured Parties in accordance with the Security Documents, the Guarantee and Adherence Agreement and the Intercreditor Agreement (as applicable). The Issuer shall, and shall procure that the Guarantors and each Group Company party to any Security Document and/or the Guarantee and Adherence Agreement (as applicable) will, enter into the Security Documents and/or the Guarantee and Adherence Agreement (as applicable) and perfect the Transaction Security in accordance with the Security Documents.
- (c) Unless and until the Security Agent has received instructions to the contrary in accordance with the Intercreditor Agreement, the Security Agent shall (without first having to obtain the Bondholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Security Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security, creating further Security for the benefit of the Secured Parties or for the purpose of settling the Bondholders', the super senior RCF creditor's under the Super Senior RCF, the creditors' under any New Debt, the hedge counterparties' under the Hedging Agreement or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Finance Documents and provided that such agreements or actions are not detrimental to the interest of the Bondholders.
- (d) The Agent shall be entitled to give instructions relating to the Transaction Security and the Guarantees to the Security Agent in accordance with the Intercreditor Agreement.

## 11. INFORMATION TO BONDHOLDERS

### 11.1 Information from the Issuer

- (a) The Issuer shall make the following information available in the English language by publication on the website of the Group:
  - (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the annual audited consolidated financial statements of the Group, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
  - (ii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, the quarterly unaudited consolidated reports or the year-end report (Sw. *bokslutskommuniké*) (as applicable), including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, with the first Financial Report pursuant to this paragraph (ii) to be delivered in respect of the financial quarter ending on 31 January 2021; and
  - (iii) any other information required by the Swedish Securities Markets Act (Sw. *lag (2007:528) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market or MTF on which the Bonds are admitted to trading.
- (b) When the Bonds have been listed on a Regulated Market:
  - (i) the information set out in Clause 11.1(a) shall also be made available by way of press release; and
  - (ii) the reports referred to in Clause 11.1(a)(i) and Clause 11.1(a)(ii) shall be prepared in accordance with IFRS.
- (c) When the financial statements and other information are made available to the Bondholders pursuant to Clause 11.1(a), the Issuer shall send copies of such financial statements and other information to the Agent.
- (d) The Issuer shall promptly notify the Agent and the Bondholders upon becoming aware of the occurrence of a Change of Control Event and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice. A notice regarding a Change of Control Event may be given in advance of the occurrence of a Change of Control Event, conditioned upon the occurrence of such Change of Control Event, if a definitive agreement is in place providing for a Change of Control Event.
- (e) The Issuer shall promptly notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- (f) The Issuer shall submit a duly executed Compliance Certificate to the Agent:

- (i) in connection with the testing of the Incurrence Tests;
  - (ii) in connection with that a Financial Report is made available;
  - (iii) in connection with that the annual financial statements is made available;  
and
  - (iv) at the Agent's request, within twenty (20) days from such request.
- (g) The Agent may assume that any information provided by the Issuer in the Compliance Certificate delivered pursuant to paragraph (f) above is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information.
- (h) The Issuer is only obliged to inform the Agent according to this Clause 11.1 if informing the Agent would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with the Regulated Market. If such a conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 11.1.

## **11.2 Information from the Agent**

- (a) Subject to applicable laws, regulations and the restrictions of a non-disclosure agreement entered into by the Agent in accordance with Clause 11.2(b), the Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- (b) If a committee representing the Bondholders' interests under the Finance Documents has been appointed by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Bondholders. The Agent shall be a party to such agreement and receive the same information from the Issuer as the members of the committee.

## **11.3 Publication of Finance Documents**

- (a) The latest version of these Terms and Conditions (including any documents amending these Terms and Conditions) shall be available on the websites of the Group and the Agent.
- (b) The latest version of the Finance Documents shall be available to the Bondholders at the office of the Agent during the Agent's normal business hours.

## **12. FINANCIAL UNDERTAKINGS**

### **12.1 Maintenance Covenant**

The Issuer shall ensure that the Leverage Ratio is:

- (a) equal to or less than 5.00:1 for the period from the First Issue Date to (and including) the date falling one (1) year after the First Issue Date;

- (b) equal to or less than 4.50:1 for the period from (but excluding) the date falling one (1) year after the First Issue Date to (and including) the date falling two (2) years after the First Issue Date; and
- (c) equal to or less than 4.00:1 for the period from (but excluding) the date falling two (2) years after the First Issue Date to the Final Maturity Date.

## 12.2 Testing of the Maintenance Covenant

The Maintenance Covenant shall be calculated in accordance with the Accounting Principles applicable to the Issuer and tested by reference to each of the Financial Reports on each Reference Date with respect to the Reference Period ending on such Reference Date. The first test date shall be 31 July 2021.

## 12.3 Sponsor Equity Guarantee

- (a) Any Restricted Payment (other than (i) loans granted in the ordinary course of business, (ii) loans granted to employees in an aggregate outstanding amount not exceeding EUR 250,000 or (iii) any Restricted Payment in accordance with Clause 13.2(b)(i) and/or Clause 13.2(b)(ii)) following the First Issue Date shall be covered by a Sponsor Equity Guarantee.
- (b) If, in connection with the testing of the Maintenance Test the Leverage Ratio exceeds 2.25:1, the Main Shareholder shall within twenty (20) Business Days of the earlier of (i) a delivery of the relevant Compliance Certificate evidencing that breach and (ii) the date when such Compliance Certificate should have been delivered at the latest in accordance with the Terms and Conditions, inject equity into the Issuer in an amount corresponding to the lower of:
  - (i) the aggregate Restricted Payments (other than (i) loans granted in the ordinary course of business, (ii) loans granted to employees in an aggregate outstanding amount not exceeding EUR 250,000 or (iii) any Restricted Payment in accordance with Clause 13.2(b)(i) and/or Clause 13.2(b)(ii)) paid by the Issuer or any of its Subsidiaries to the Issuer's direct or indirect shareholders or equity investors following the First Issue Date; or
  - (ii) the amount required to attain a Leverage Ratio of equal to or less than 2.25:1 (tested *pro forma*).
- (c) The calculation of the Leverage Ratio shall be adjusted so that the Net Interest Bearing Debt for the Reference Period is reduced with an amount equal to the amount injected in accordance with paragraph 12.3(b).

## 12.4 Incurrence Tests

- (a) The Incurrence Test is met if:
  - (i) the Leverage Ratio is:
    - (A) equal to or less than 3.00:1 for the period from the First Issue Date to (and including) the date falling one (1) year after the First Issue Date;
    - (B) equal to or less than 2.75:1 for the period from (but excluding) the date falling one (1) year after the First Issue Date to (and including) the date falling two (2) years after the First Issue Date;

- (C) equal to or less than 2.50:1 for the period from (but excluding) the date falling two (2) years after the First Issue Date to the Final Redemption Date; and
- (ii) no Event of Default is continuing or would occur upon the incurrence or payment.
- (b) The Dividend Incurrence Test is met if:
  - (i) the Leverage Ratio is equal to or less than 2.25:1; and
  - (ii) no Event of Default is continuing or would occur upon the payment.

## 12.5 Testing of the Incurrence Tests

The Leverage Ratio for purpose of the Incurrence Tests shall be calculated as follows:

- (a) the calculation shall be made as per a testing date determined by the Issuer, falling no more than three (3) months prior to the incurrence of the new Financial Indebtedness or the making of a Restricted Payment (as applicable); and
- (b) the amount of Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include any new Financial Indebtedness and exclude any Financial Indebtedness to the extent refinanced with the new Financial Indebtedness incurred (however, any cash balance resulting from the incurrence of any new Financial Indebtedness shall not reduce the Net Interest Bearing Debt).

## 12.6 Calculation Adjustments

The figures for EBITDA for the Reference Period ending on the last day of the period covered by the most recent Financial Report shall be used for the Maintenance Covenant and the Incurrence Tests, but adjusted so that:

- (a) entities acquired or disposed of by the Group during the Reference Period, or after the end of the Reference Period but before the relevant testing date, shall be included or excluded (as applicable), *pro forma*, for the entire Reference Period; and
- (b) any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, *pro forma*, for the entire Reference Period.

## 13. GENERAL UNDERTAKINGS

### 13.1 General

The Issuer undertakes to (and shall, where applicable, procure that each other Group Company will and shall procure that each Obligor (pursuant to the Guarantee and Adherence Agreement) undertakes to) comply with the undertakings set out in this Clause 13 for as long as any Bonds remain outstanding.

### 13.2 Restricted Payments

- (a) No Obligor shall, and shall procure that none of its Subsidiaries will:
  - (i) pay any dividend in respect of its shares;
  - (ii) repurchase or redeem any of its own shares;

- (iii) redeem or reduce its share capital or other restricted or unrestricted equity with repayment to its shareholders;
- (iv) repay any Shareholder Debt or pay any interest thereon;
- (v) grant any loans except (A) in the ordinary course of business or (B) to employees in an aggregate outstanding amount not exceeding EUR 250,000; or
- (vi) make any other similar distribution or transfers of value to the direct or indirect shareholders of the Issuer, or any Affiliates of the Issuer (other than to the Issuer or a wholly-owned, direct or indirect, Subsidiary of the Issuer and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis),

(paragraphs (i)-(vi) above are together and individually referred to as a "**Restricted Payment**").

- (b) Notwithstanding the above, a Restricted Payment may be made:
  - (i) if made to the Issuer or a direct or indirect Subsidiary of the Issuer but, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis; and/or
  - (ii) if, in relation to paragraph (ii) of Clause 13.2(a), it is made pursuant to the Group's incentive program, provided that the aggregate maximum amount until the Final Maturity Date may not exceed EUR 500,000; and/or
  - (iii) to the Issuer's direct or indirect shareholders or equity investors if the Dividend Incurrence Test is met (calculated on a *pro forma* basis including the relevant Restricted Payment)

### 13.3 Listing

- (a) The Issuer shall use its best efforts to ensure that:
  - (i) the Initial Bonds are listed on:
    - (A) a Regulated Market within twelve (12) months after the issuance of such Bonds; and
    - (B) Frankfurt Stock Exchange Open Market no later than sixty (60) days after the First Issue Date and with an intention to complete such listing within thirty (30) days,
  - (ii) any Subsequent Bonds are listed on:
    - (A) the relevant Regulated Market no later than sixty (60) days after the issuance of such Subsequent Bonds and with an intention to complete such listing within thirty (30) days (unless such Subsequent Bonds are issued prior to the date falling twelve (12) months after the First Issue Date in which case they shall be listed within twelve (12) months after the First Issue Date); and
    - (B) Frankfurt Stock Exchange Open Market no later than sixty (60) days after the issuance of such Subsequent Bonds and with an intention to complete such listing within thirty (30) days, and

- (iii) the Bonds, if admitted to trading on a Regulated Market and/or Frankfurt Stock Exchange Open Market, continue being listed thereon for as long as any Bond is outstanding (however, taking into account the rules and regulations of the relevant Regulated Market and/or Frankfurt Stock Exchange Open Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

#### **13.4 Nature of Business**

Each Obligor shall procure that no substantial change is made to the general nature of the business carried on by the Group as of the First Issue Date if such substantial change would have a Material Adverse Effect.

#### **13.5 Financial Indebtedness**

No Obligor shall, and shall procure that none of its Subsidiaries will, incur any Financial Indebtedness, other than Permitted Debt.

#### **13.6 Disposal of Assets**

- (a) Subject to the terms of the Intercreditor Agreement, no Obligor shall, and shall procure that no Subsidiary, sell or otherwise dispose of shares in any Subsidiary or of all or substantially all of its or that Subsidiary's assets, or operations to any Person not being the Issuer or any of its wholly-owned Subsidiaries, unless the transaction (i) is carried out at fair market value and on arm's length terms and (ii) does not have a Material Adverse Effect.
- (b) No asset that is subject to Transaction Security may be disposed of other than in accordance with the terms of the Intercreditor Agreement.

#### **13.7 Holding Company**

The Issuer shall not trade, carry on any business, own any assets or incur any liabilities expect for:

- (a) the provision of administrative service (excluding treasury services) to other members of the Group of a type customarily provided by a holding company to its Subsidiaries;
- (b) ownership of shares in its Subsidiaries and holding bank account with cash to the extent necessary to meet its payment obligations under the Finance Documents; and
- (c) any liabilities under the Finance Documents to which it is a party and professional fees and administration costs in the ordinary course of business as a holding company.

#### **13.8 Negative Pledge**

No Obligor shall, and shall procure that none of its Subsidiaries will, provide, prolong or renew any Security over any of its/their assets (present or future), other than any Permitted Security.

#### **13.9 Dealings at arm's length terms**

Each Obligor shall, and shall procure that its Subsidiaries, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders at arm's length terms.

### **13.10 Compliance with laws and authorisations**

Each Obligor shall, and shall make sure that its Subsidiaries will, (i) comply with all laws and regulations applicable from time to time and (ii), obtain, maintain, and comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company, in each case, if failure to do so has or is reasonably likely to have a Material Adverse Effect.

### **13.11 Nomination of Material Group Companies**

At

- (a) the First Issue Date and thereafter once every year (starting in 2022) (simultaneously with the publication by the Issuer of the audited annual financial statements of the Group); and
- (b) the date of acquisition of any assets by a Group Company financed (in whole or in part) by Permitted Debt for a consideration in excess of five (5.00) per cent. of EBITDA of the Group (calculated on a consolidated basis) (simultaneously with the delivery by the Issuer of the Compliance Certificate related the incurrence of such Permitted Debt),

the Issuer shall ensure that:

- (a) each Group Company which (on a consolidated basis in the case of a Group Company which itself has Subsidiaries) has EBITDA representing five (5.00) per cent. or more of EBITDA of the Group (calculated on a consolidated basis); and
- (b) such Group Companies as are necessary to ensure that the Issuer and the Material Group Companies (calculated on an unconsolidated basis and excluding all intra-Group items and investments in Subsidiaries of any Group Company) in aggregate account for at least eighty-five (85.00) per cent. of EBITDA of the Group (calculated on a consolidated basis),

in each case, determined by reference to the most recent audited annual financial statements from and including the calendar year ending 2021, are listed as Material Group Companies in the relevant Compliance Certificate delivered in connection thereto.

### **13.12 Additional Security over Material Group Companies**

The Issuer shall procure that Security over each Material Group Company (subject to customary financial assistance and corporate benefit limitations) is granted no later than ninety (90) days after its nomination in accordance with the Clause 13.11 (*Nomination of Material Group Companies*) above and in connection therewith provide to the Agent:

- (a) constitutional documents and corporate resolutions (approving the relevant Security Document and authorising a signatory/-ies to execute that Security Document) for the relevant security provider and each other party to that Security Document (other than the Agent);
- (b) copies of the relevant Security Documents duly executed;
- (c) evidence that the Transaction Security either has been or will be perfected in accordance with the terms of the relevant Security Documents;
- (d) any legal opinion on the capacity and due execution in respect of any entity being party to the relevant Security Document unless it is incorporated in Finland or Sweden, issued by a reputable law firm; and

- (e) any legal opinion on the validity and enforceability in respect of the relevant Security Document unless it is governed by Finnish or Swedish law which, if requested by the Agent, shall also include customary opinions regarding the role of the Security Agent in such jurisdiction (such as no residency or registration requirement and no need to deposit funds), issued by a reputable law firm.

### **13.13 Additional Guarantors**

The Issuer shall procure that each Material Group Company accedes to the Guarantee and Adherence Agreement no later than ninety (90) days after its nomination in accordance with Clause 13.11 (*Nomination of Material Group Companies*) above and in connection therewith provides to the Agent:

- (a) Security pursuant to the terms hereof and the Intercreditor Agreement;
- (b) duly executed accession letters to the Guarantee and Adherence Agreement;
- (c) duly executed accession letters to the Intercreditor Agreement;
- (d) constitutional documents and corporate resolutions (approving the relevant Finance Documents and authorising a signatory/-ies to execute the Finance Documents) for it and each other party to a Finance Document (other than the Agent);
- (e) any legal opinion on the capacity and due execution unless such Material Group Company is incorporated in Finland or Sweden, issued by a reputable law firm; and
- (f) any legal opinion on the validity and enforceability in respect of any Finance Documents unless it is governed by Finnish or Swedish law which, if requested by the Agent, shall also include customary opinions regarding the role of the Security Agent in such jurisdiction (such as no residency or registration requirement and no need to deposit funds), issued by a reputable law firm.

### **13.14 Additional Security Material Intercompany Loans**

Each Obligor shall and shall procure that each Group Company will, no later than ninety (90) days upon the incurrence of a Material Intercompany Loan, grant a pledge over that Material Intercompany Loan as Security (subject to customary financial assistance and corporate benefit limitations) for all amounts outstanding under the Senior Finance Documents and simultaneously therewith deliver to the Agent (unless previously provided):

- (a) constitutional documents and corporate resolutions (approving the relevant Security Documents and authorising a signatory/-ies to execute the relevant Security Document) for the relevant security provider, and each other party to that Security Document (other than the Agent);
- (b) a legal opinion on the capacity and due execution, in respect of any entity being party to the relevant Security Document unless it is incorporated in Finland or Sweden, issued by a reputable law firm; and
- (c) any legal opinion on the validity and enforceability in respect of the relevant Security Document unless it is governed by Finnish or Swedish law which, if requested by the Agent, shall also include customary opinions regarding the role of the Security Agent in such jurisdiction (such as no residency or registration requirement and no need to deposit funds), issued by a reputable law firm.

## **14. EVENTS OF DEFAULT AND ACCELERATION OF THE BONDS**

Each of the events or circumstances set out in this Clause 14 (other than Clause 14.11 (*Acceleration of the Bonds*)) is an Event of Default.

### **14.1 Non-Payment**

The Issuer or a Guarantor fails to pay an amount on the date it is due in accordance with the Finance Documents unless:

- (a) its failure to pay is caused by administrative or technical error and
- (b) payment is made within five (5) CSD Business Days of the due date.

### **14.2 Maintenance Covenant**

The Issuer has failed to comply with the Maintenance Covenant.

### **14.3 Other Obligations**

A party (other than the Agent) fails to comply with the Finance Documents, in any other way than as set out in Clause 14.1 (*Non-Payment*) and 14.2 (*Maintenance Covenant*), provided that no Event of Default will occur if the failure to comply is capable of being remedied and the Issuer or that party has remedied the failure within twenty (20) Business Days of the earlier (i) the Issuer or that party becoming aware of the failure to comply and (ii) the Agent requesting the Issuer in writing to remedy such failure.

### **14.4 Cross payment default and Cross-acceleration**

Any Financial Indebtedness of a Group Company is:

- (a) not paid when due as extended by any originally applicable grace period (if there is one); or
- (b) declared to be due and payable prior to its specified maturity as a result of an event of default (however described),

provided that no Event of Default will occur under this Clause 14.4 if (i) the aggregate amount of Financial Indebtedness that has fallen due is less than EUR 1,000,000 or (ii) it is owed to a Group Company.

### **14.5 Insolvency**

- (a) Any Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors (except for Bondholders) with a view to rescheduling its Financial Indebtedness.
- (b) A moratorium is declared in respect of the Financial Indebtedness of any Group Company.

### **14.6 Insolvency Proceedings**

Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within sixty (60) Business Days of commencement or, if earlier, the date on which it is advertised, (ii) proceedings or petitions concerning a claim which is less than EUR 1,000,000 (or the equivalent thereof in any other currency), and (iii), in relation to Subsidiaries of the Issuer not being an Obligor or subject to Transaction Security, solvent liquidations) in relation to:

- (a) the suspension of payments, winding-up, dissolution, administration or reorganisation (Sw. *företagsrekonstruktion*) (by way of voluntary agreement, scheme of arrangement or otherwise) of any Group Company; and
- (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Group Company or any of its assets or any analogous procedure or step is taken in any jurisdiction.

#### **14.7 Creditors' Process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Group Company having an aggregate value of an amount equal to or exceeding EUR 1,000,000 (or the equivalent thereof in any other currency) and is not discharged within sixty (60) Business Days.

#### **14.8 Mergers and demergers**

A decision is made that any Group Company shall be demerged or merged if such merger or demerger is likely to have a Material Adverse Effect, provided that a merger subject to existing security between Subsidiaries only or between the Issuer and a Subsidiary, where the Issuer is the surviving entity, shall not be an Event of Default and a merger involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default and provided that the Issuer may not be demerged.

#### **14.9 Impossibility or Illegality**

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

#### **14.10 Continuation of the Business**

The Issuer or any other Group Company ceases to carry on its business and such discontinuation is likely to have a Material Adverse Effect.

#### **14.11 Acceleration of the Bonds**

- (a) Upon the occurrence of an Event of Default which is continuing but subject to the terms of the Intercreditor Agreement, the Agent is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders) representing at least fifty (50.00) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a Person who is a Bondholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Bondholders, be made by them jointly) or following an instruction given pursuant to Clause 14.11(d), on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (b) The Agent may not accelerate the Bonds in accordance with Clause 14.11(a) by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- (c) The Agent shall notify the Bondholders of an Event of Default within five (5) Business

Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.

- (d) If the Bondholders (in accordance with these Terms and Conditions) instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (f) Subject to the Intercreditor Agreement, in the event of an acceleration of the Bonds in accordance with this Clause 14.11, the Issuer shall up to, but excluding, the date falling eighteen (18) months after the First Issue Date redeem all Bonds at an amount per Bond equal to the Call Option Amount set out in Clause 9.3(a)(ii) and thereafter, as applicable considering when the acceleration occurs, redeem all Bonds at an amount per Bond equal to the Call Option Amount for the relevant period.

## **15. DISTRIBUTION OF PROCEEDS**

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 14 (*Events of Default and Acceleration of the Bonds*) and any proceeds received from an enforcement of the Transaction Security or the Guarantees (in the case of Guarantees to the extent proceeds from the Guarantees can be applied towards satisfaction of the Secured Obligations) shall be distributed in accordance with the Intercreditor Agreement.
- (b) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds or the enforcement of the Transaction Security or the Guarantees constitute escrow funds (*Sw. redovisningsmedel*) and must be promptly turned over to the Security Agent to be applied in accordance with the Intercreditor Agreement.
- (c) If the Issuer or the Agent shall make any payment under this Clause 15, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7(a) shall apply.

## **16. DECISIONS BY BONDHOLDERS**

- (a) A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10.00) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several

Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.

- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any Person in addition to the Bondholders and such Person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a Person who is, or who has been provided with a power of attorney or other authorisation pursuant to Clause 6 (*Right to Act on Behalf of a Bondholder*) from a Person who is, registered as a Bondholder:
  - (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (ii) on the Business Day specified in the communication pursuant to Clause 18(c), in respect of a Written Procedure,

may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.

- (e) The following matters shall require the consent of Bondholders representing at least sixty-six and two thirds (66 2/3) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c):
  - (i) the issue of any Subsequent Bonds, if the total nominal amount of the Bonds exceeds, or if such issue would cause the total nominal amount of the Bonds to at any time exceed, SEK 400,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Bonds are issued);
  - (ii) a change to the terms of any of Clause 2(a), and Clauses 2(f) to 2(h);
  - (iii) a reduction of the premium payable upon the redemption or repurchase of any Bond pursuant to Clause 9 (*Redemption and Repurchase of the Bonds*);
  - (iv) a change to the Interest Rate or the Nominal Amount;
  - (v) waive a breach of or amend an undertaking set out in Clause 13 (*General Undertakings*);
  - (vi) a change to the terms for the distribution of proceeds set out in Clause 15 (*Distribution of Proceeds*);
  - (vii) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 16;
  - (viii) a change of issuer, an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;
  - (ix) a release of the Transaction Security or the Guarantees, except in accordance with the terms of the Security Documents and/or the Guarantee and Adherence Agreement (as applicable);

- (x) a mandatory exchange of the Bonds for other securities; and
  - (xi) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 14 (*Events of Default and Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (f) Any matter not covered by Clause 16(e) shall require the consent of Bondholders representing more than fifty (50.00) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 19(a)(i) or 19(a)(ii)), an acceleration of the Bonds, the enforcement of any Transaction Security or Guarantees.
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50.00) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 16(e), and otherwise twenty (20.00) per cent. of the Adjusted Nominal Amount:
- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (ii) if in respect of a Written Procedure, reply to the request.

If a quorum exists for some, but not all, of the matters to be dealt with at a Bondholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.

- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 17(a)) or initiate a second Written Procedure (in accordance with Clause 18(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 16(g) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- (j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- (k) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (l) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that

this may cause other Bondholders.

- (m) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (n) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate.
- (o) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Group and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

## **17. BONDHOLDERS' MEETING**

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 17(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 20.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 17(a).
- (c) The notice pursuant to Clause 17(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

## **18. WRITTEN PROCEDURE**

- (a) The Agent shall instigate a Written Procedure (which may be conducted electronically) no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.

- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 18(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 18(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16(e) and 16(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16(e) or 16(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## 19. AMENDMENTS AND WAIVERS

- (a) The Issuer and the Agent and/or the Security Agent (as applicable) (in each case acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
  - (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 19(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 11.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority, to the extent such registration is possible with the rules of the relevant CSD.
- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## 20. APPOINTMENT AND REPLACEMENT OF THE AGENT

### 20.1 Appointment of Agent

- (a) By subscribing for Bonds, each initial Bondholder:
  - (i) appoints the Agent to act as its agent in all matters relating to the Bonds and the

Finance Documents, and authorises each of the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder; and

- (ii) confirms the appointment under the Intercreditor Agreement of the Security Agent to act as its agent in all matters relating to the Transaction Security, the Security Documents, the Guarantees and the Guarantee and Adherence Agreement, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security and the Guarantees and acknowledges and agrees that the rights, obligations, role of and limitations of liability for the Security Agent is further regulated in the Intercreditor Agreement.
- (b) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Agent and the Security Agent to act on its behalf, as set forth in paragraph (a) above.
- (c) Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is not under any obligation to represent a Bondholder which does not comply with such request.
- (d) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (e) The Agent is entitled to fees for its respective work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (f) The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## **20.2 Duties of the Agent**

- (a) The Agent shall represent the Bondholders subject to and in accordance with the Finance Documents. The Agent is not responsible for the content, valid execution, legal validity or enforceability of the Finance Documents.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature and the Agent only acts in accordance with the Finance Documents and upon instructions from the Bondholders, unless otherwise set out in the Finance Documents. In particular, the Agent is not acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other Person.
- (d) The Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Finance Documents unless to the extent expressly set out in the Finance Documents, or to take any steps to ascertain whether any

Event of Default (or any event that may lead to an Event of Default) has occurred. Until it has actual knowledge to the contrary, the Agent is entitled to assume that no Event of Default (or any event that may lead to an Event of Default) has occurred.

- (e) The Agent is entitled to delegate its duties to other professional parties, but each of them shall remain liable for the actions of such parties under the Finance Documents.
- (f) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.
- (g) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default, (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents or (iii) as otherwise agreed between the Agent and the Issuer. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 15 (*Distribution of Proceeds*).
- (h) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (i) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including its respective reasonable fees) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, or the Bondholders (as applicable), the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- (j) Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.
- (k) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or (ii) if it refrains from acting for any reason described in Clause 20.2(i).

### **20.3 Limited liability for the Agent**

- (a) The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall not be responsible for indirect loss.
- (b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice addressed to it from or opinions of reputable external experts or if it has acted with reasonable care in a situation when it considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.

- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by it to the Bondholders, provided that it has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.
- (d) The Agent shall not have any liability to the Bondholders for damage caused by it acting in accordance with instructions of the Bondholders given in accordance with the Finance Documents.
- (e) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.
- (f) The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or any other Person.

#### **20.4 Replacement of the Agent**

- (a) Subject to Clause 20.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 20.4(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10.00) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent be appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor,

the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.

- (h) In the event that there is a change of the Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **21. APPOINTMENT AND REPLACEMENT OF THE CSD**

- (a) The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD regulations and the other regulations applicable to the Bonds.
- (b) The CSD may retire from its assignment or be dismissed by the Issuer provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Bondholder. The replacing CSD must be authorized to professionally conduct clearing operations pursuant to the Swedish Securities Markets Act (*lag (2007:528) om värdepappersmarknaden*) or Regulation (EU) no. 909/2014 and be authorized as a central securities depository in accordance with the Financial Instruments Accounts Act.

## **22. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT**

- (a) The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- (b) The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

## **23. NO DIRECT ACTIONS BY BONDHOLDERS**

- (a) A Bondholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security or the Guarantees to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 23(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 20.1(c)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or by any reason described in Clause 20.2(i), such failure must continue for at least forty (40) Business Days after notice pursuant to

Clause 20.2(k) before a Bondholder may take any action referred to in Clause 23(a).

- (c) The provisions of Clause 23(a) shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 9.4 (*Mandatory repurchase due to a Change of Control Event (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

## 24. PRESCRIPTION

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.
- (b) If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## 25. NOTICES AND PRESS RELEASES

### 25.1 Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
  - (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address notified by the Agent from time to time;
  - (ii) if to the Issuer, shall be given at the address registered with the Finnish Companies Registration Office on the Business Day prior to dispatch or if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
  - (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery (if practically possible) or letter for all Bondholders. A notice to the Bondholders shall also be published on the websites of the Group and the Agent.
- (b) Any notice or other communication made by one Person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter, or if between the Issuer and the Agent, by email, and will only be effective:
  - (i) in case of courier or personal delivery, when it has been left at the address specified in Clause 25.1(a);
  - (ii) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1(a); or

- (iii) in case of email, on the day of dispatch (unless a delivery failure message was received by the sender), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day.
- (c) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.

## 25.2 Press releases

- (a) Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 9.3 (*Voluntary total redemption (call option)*), 11.1(d), 14.11(c), 16(o), 17(a), 18(a) and 19(c) shall also be published by way of press release by the Issuer or the Agent, as applicable.
- (b) In addition to Clause 25.2(a), if any information relating to the Bonds or the Group contained in a notice the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

## 26. FORCE MAJEURE AND LIMITATION OF LIABILITY

- (a) None of the Agent or the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and willful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## 27. GOVERNING LAW AND JURISDICTION

- (a) These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- (b) The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. *Stockholms tingsrätt*).

## OVERVIEW OF THE BONDS AND THE OFFERING

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

*Unless otherwise stated herein or the context otherwise requires, capitalised terms used below shall have the meaning ascribed to them in the “Terms and Conditions of the Bonds”.*

|  |  |
|--|--|
| <b>Issuer:</b>                                       | HLRE Holding Oyj   |
| <b>Decision and authorisations:</b>                  | Authorization by the Board of Directors of the Issuer 15 January 2021.   |
| <b>Type of issue:</b>                                | Private placement of Bonds. The initial total nominal amount of SEK 300,000,000 was issued on 12 February 2021.  |
| <b>Ranking of the Bonds:</b>                         | <p>The Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank (i) without any preference among them and (ii) at least <i>pari passu</i> with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except (A) those obligations which are mandatorily preferred by law and (B) the Super Senior RCF and the Hedging Agreement in accordance with the Intercreditor Agreement. For more information, see “<i>Additional Information on Transaction Security and Intercreditor Agreement</i>”.</p> <p>The Issuer may issue Subsequent Bonds up to the aggregate amount of SEK 100,000,000 provided that the Incurrence test is met. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed SEK 400,000,000 unless a consent from the Bondholders is obtained in accordance with the Terms and Conditions of the Bonds.</p> |
| <b>Form of the Bonds</b>                             | Dematerialized securities issued in book-entry form in the book-entry system maintained by Euroclear Sweden AB (Swedish Reg. No. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden).  |
| <b>Issue price:</b>                                  | As at the First Issue Date, the issue price was ninety-nine (99.00) per cent.  |
| <b>Minimum investment amount:</b>                    | SEK 1,250,000.   |
| <b>Nominal Amount</b>                                | SEK 1,250,000.   |
| <b>Interest of the Bonds</b>                         | STIBOR three (3) months plus a margin of 6.60 per cent. per annum.   |
| <b>Agent and Security Agent:</b>                     | Nordic Trustee & Agency AB (publ).   |
| <b>Applicable law</b>                                | Swedish law.   |
| <b>Interest of the participants of the Offering:</b> | <p>Interest of the Sole Bookrunner: Business interest customary in the financial markets.</p> <p>Interest of the Agent and Security Agent: Business interest customary in</p>  |

the financial markets.

|                                   |   |
|-----------------------------------|---|
| <b>Listing</b>                    | Application will be made for the Bonds to be admitted to trading on the corporate bond segment of Nasdaq Stockholm. The Bonds are listed on Frankfurt Stock Exchange Open Market. |
| <b>Estimated time of Listing:</b> | On or about 8 February 2022.  |
| <b>ISIN Code of the Bonds:</b>    | SE0015530712.   |
| <b>Expenses:</b>                  | The Issuer's estimated expenses related to the Offering amount to approximately EUR 900,000.  |
| <b>Net Proceeds:</b>              | The Issuer's estimated Net Proceeds of the Offering amount to approximately EUR 28,800,000.   |
| <b>Use of proceeds:</b>           | See " <i>Terms and Conditions of the Bonds — Use of Proceeds</i> ".   |
| <b>Guarantees:</b>                | See " <i>Additional Information on the Transaction Security and Intercreditor Agreement</i> ".  |
| <b>Transaction Security:</b>      | See " <i>Additional Information on the Transaction Security and Intercreditor Agreement</i> ".  |
| <b>Intercreditor Agreement:</b>   | See " <i>Additional Information on the Transaction Security and Intercreditor Agreement</i> ".  |

## **ADDITIONAL INFORMATION ON THE TRANSACTION SECURITY AND INTERCREDITOR AGREEMENT**

*The following description is partly based on and must be read in conjunction with the “Terms and Conditions of the Bonds”. To the extent there is any discrepancy between the Terms and Conditions of the Bonds or the Intercreditor Agreement and the following description, the Terms and Conditions of the Bonds and the Intercreditor Agreement will prevail. Capitalized terms used herein shall have the same meaning as defined in the Terms and Conditions of the Bonds.*

### **Guarantees and Transaction Security**

The Issuer and certain other Group Companies have granted the Transaction Security and issued Guarantees for the due and punctual fulfilment of the Secured Obligations, i.e. all present and future liabilities and obligations of any Group Company towards the Secured Parties outstanding under any Senior Finance Documents (i.e. the Terms and Conditions, the Agency Agreement, the Proceeds Account Pledge Agreement, the Security Documents, the Guarantee and Adherence Agreement, the Sponsor Equity Guarantee Agreement, the Intercreditor Agreement, any other document designated by the Issuer and the Agent as a Finance Document, the Super Senior RCF and any other finance document related thereto, the Hedging Agreement and any New Debt documents). The Transaction Security is listed below.

The following Group Companies have issued Guarantees under the Guarantee and Adherence Agreement:

- HLRE Group Oy;
- Vesivek Oy;
- Nesco Oy; and
- Vesivek Sverige AB.

The following Group Companies have granted Transaction Security under the Security Documents:

- HLRE Group Oy;
- Nesco Invest Oy;
- HLRE Holding Oyj;
- Vesivek Sverige AB;
- Vesivek Oy; and
- Nesco Oy.

The Transaction Security consists of:

- a Finnish law governed pledge over all the shares in Vesivek Oy granted by HLRE Group Oy;
- a Finnish law governed pledge over all the shares in Nesco Oy granted by Nesco Invest Oy;
- a Finnish law governed pledge over all the shares in HLRE Group Oy granted by HLRE Holding Oyj;
- a Swedish law governed pledge over all the shares owned by Vesivek Oy in Vesivek Sverige AB, being approximately 91 per cent. of the shares issued in Vesivek Sverige AB, granted by Vesivek Oy;
- a Finnish law governed business mortgage over the assets in HLRE Group Oy in the amount of EUR 57,200,000, with best priority;
- a Finnish law governed business mortgage over the assets in Vesivek Oy in the amount of EUR 57,200,000, with best priority;
- a Finnish law governed business mortgage over the assets in Nesco Invest Oy in the amount of EUR 57,200,000, with best priority;
- a Finnish law governed business mortgage over the assets in Nesco Oy in the amount of EUR 57,200,000, with best priority;
- a Swedish law governed business mortgage over the assets in Vesivek Sverige AB in the amount of SEK 20,000,000, with best priority;

- pledge over any current and future Material Intercompany Loans;
- a Finnish law governed pledge over real estate mortgage certificates in the total amount of EUR 13,673,208.07 in respect of Orimattila production plant with property no. 560-418-9-942, granted by Nesco Oy; and
- a Finnish law governed pledge over real estate mortgage certificates in the total amount of EUR 46,800,000 in respect of Lieto industrial hall with property no. 423-428-13-1, granted by Vesivek Oy.

The Guarantees and the Transaction Security have been granted subject to certain specific limitations set out in the Intercreditor Agreement, the Security Documents and the Guarantee and Adherence Agreement.

In accordance with the Terms and Conditions, the Issuer shall procure that each Material Group Company shall be a Guarantor and that any further Group Company so designated by the Issuer shall accede to the Guarantee and Adherence Agreement, in order to ensure that the Guarantors constitute at least 85 per cent. of the consolidated EBITDA of the Group. Furthermore, subject to customary financial assistance and corporate benefit restrictions, the Issuer shall procure that the Group Companies provide additional Security over any new Material Group Company.

The Transaction Security and the Guarantees are shared among the Secured Parties, i.e. the Bondholders, any provider of New Debt (provided that such entity has acceded to the Intercreditor Agreement), the super senior creditors under the Super Senior RCF, the hedge counterparties under the Hedging Agreement, the Agent and the Security Agent. Upon an enforcement of the Transaction Security or the Guarantees or following receipt of any recovery after the occurrence of an insolvency event of a Group Company, the enforcement proceeds and any amount of recoveries will, pursuant to the Intercreditor Agreement, firstly be distributed towards discharge of the obligations under the Super Senior RCF and the Hedging Agreement until discharged in full (including any amounts due to any agents thereunder) and secondly towards discharge of the obligations under the Bonds. The relative rights and the application of proceeds between the Secured Parties are described in more detail below under the section "- Intercreditor Agreement".

### **Intercreditor Agreement**

In connection with the issue of the Initial Bonds, the Issuer has entered into the Intercreditor Agreement, which regulates the relationship between the following parties:

- the Issuer, the intercompany creditors and the intercompany debtors (together the "**ICA Group Companies**");
- certain direct or indirect shareholders of the Issuer in their capacity as creditors under the Shareholder Debt (the "**Shareholder Creditors**");
- the super senior RCF creditor under the Super Senior RCF (the "**Super Senior RCF Creditor**");
- the hedge counterparties under the Hedging Agreement (the "**Hedge Counterparties**");
- the Agent (on behalf of the Bondholders);
- the Security Agent (on behalf of the Secured Parties); and
- creditors under any New Debt which in accordance with the Senior Finance Documents are permitted to rank *pari passu* with the Bonds and benefit from the Transaction Security (the "**New Debt Creditors**").

### **Ranking and Priority**

Pursuant to the Intercreditor Agreement, the debt owed by the ICA Group Companies to the Secured Parties and the other relevant parties shall rank in right and priority of payment in the following order:

- (i) first, indebtedness to the creditors under the Super Senior RCF and the Hedging Agreement (*pari passu* between all indebtedness under the Super Senior RCF and the Hedging Agreement);
- (ii) secondly, indebtedness outstanding under the Bonds and any New Debt (*pari passu* between all indebtedness under the Bonds and any New Debt);
- (iii) thirdly, any liabilities under any intercompany loans between the ICA Group Companies (the

- "**Intercompany Debt**"); and
- (iv) fourthly, any liabilities under any Shareholder Debt between the Issuer and the Shareholder Creditors.

The Intercompany Debt and the Shareholder Debt shall be postponed and subordinated to the liabilities owed by the ICA Group Companies to the Secured Parties in accordance with the Intercreditor Agreement.

### **Order of Application**

Amounts received by the Security Agent pursuant to any enforcement action take under the Intercreditor Agreement (including but not limited to any proceeds received from any direct or indirect realisation or sale by the Security Agent of any assets being subject to Transaction Security, payments under any Guarantees or proceeds received in connection with bankruptcy or other insolvency proceedings) will be applied in the following order:

- (i) first, in or towards payment *pro rata* of unpaid fees, costs, expenses and indemnities payable by the Issuer to the Security Agent (or its delegate);
- (ii) secondly, in or towards payment *pro rata* of unpaid fees, costs, expenses and indemnities payable by the Issuer and any Group Company to the Issuing Agent, the Super Senior RCF Creditor, the Bonds Agent and any agent representing creditors of any New Debt;
- (iii) thirdly, towards payment *pro rata* of accrued interest unpaid under the Super Senior RCF Documents;
- (iv) fourthly, towards payment *pro rata* of principal under the Super Senior RCF and any other costs or outstanding amounts under the Super Senior RCF Documents, and any close out amount and any other outstanding amounts under the Hedging Agreement;
- (v) fifthly, towards payment *pro rata* of accrued interest unpaid under the Senior Debt (interest due on an earlier Interest Payment Date to be paid before any interest due on a later Interest Payment Date);
- (vi) sixthly, towards payment *pro rata* of principal under the Senior Debt;
- (vii) seventhly, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Bonds Finance Documents and any New Debt Documents;
- (viii) eighthly, after the date when all principal, interest and any other costs or outstanding amounts under the Senior Finance Documents have been irrevocably discharged in full and all commitments of the Secured Parties under the Senior Finance Documents have expired, been cancelled or terminated (the "**Final Discharge Date**"), towards payment *pro rata* of accrued interest unpaid and principal under the Intercompany Debt;
- (ix) ninthly, after the Final Discharge Date, towards payment *pro rata* of accrued interest unpaid and principal under the Shareholder Debt; and
- (x) tenthly, after the Final Discharge Date, in payment of the surplus (if any) to the relevant ICA Group Company or other person entitled to it.

As a consequence of the order of application set out above, the Bondholders will in certain situations, for example in case of an enforcement of Transactions Security or Guarantees, receive payment only after certain fees and costs as well as accrued interest and principal under the Super Senior RCF or the Hedging Agreement have been repaid in full.

### **Payments under Subordinated Debt**

Although the indebtedness owed under the Intercompany Debt and the Shareholder Debt are subordinated to the Bonds, the relevant debtor may in certain circumstances make payments under such debt in accordance with the terms of the Intercreditor Agreement. The payment of principal and interest on Intercompany Debt shall, nevertheless, always be permitted if made for the purpose of serving debt to the Secured Parties and such payment is made directly to the Secured Parties (represented by the Security Agent) for repayment of principal or payment of interest on such debt owed to the Secured Parties.

## **Turnover**

The Intercreditor Agreement includes provisions for turnover of funds in the event of any creditor receiving payment in conflict with the terms of the Intercreditor Agreement. Any such payment must be forthwith paid to the Security Agent for application in accordance with the order described above.

## **Payment Block**

During certain major events of default under the Super Senior RCF, no payments of principal or interest in respect of the Senior Debt shall be made (notwithstanding any other provisions to the contrary in the Terms and Conditions or the Intercreditor Agreement). However, in respect of amounts under the Bonds, interest shall continue to accrue during such period and any overdue amounts shall carry default interest pursuant to the terms of the Terms and Conditions.

## **Enforcement and Consultation**

Each of the super senior representative (i.e. the Super Senior RCF Creditor acting on behalf of the Super Senior Creditors whose participations under the Super Senior RCF aggregate to more than 50 per cent) and the senior representative (i.e. those Senior Creditors whose Senior Debt at that time aggregate to more than 50 per cent of the total Senior Debt) (the "**Representatives**") may, under certain circumstances, propose enforcement actions to be taken by the Security Agent. Unless the Representatives agree on the proposed enforcement actions or an insolvency event has occurred, the Representatives shall consult for a period not more than of 30 days with a view on agreeing on enforcement instructions. After the end of the consultation period and provided that no agreement has been reached, both the super senior representative and the senior representative shall be entitled to give enforcement instructions to the Security Agent. However, if no enforcement action has been taken by the Security Agent within three months after the end of the consultation period or the super senior discharge date has not occurred within six months after the end of the consultation period, then the super senior representative shall instead become entitled to give enforcement instructions.

If a Secured Party deems that the Security Agent does not fulfil its obligations with respect to the enforcement of Transaction Security or Guarantees, such Secured Party may request that the Security Agent and the Representatives consult for a period of not more than 20 days with a view on agreeing on the manner of enforcement. For further details on enforcement and consultation, please refer to the Intercreditor Agreement.

## **Replacement of Super Senior RCF**

The Issuer is, from time to time and subject to certain conditions, entitled to replace the Super Senior RCF in full or in part with new debt facilities for general corporate purposes and/or working capital purposes. The conditions for replacement of the Super Senior RCF include, among others, that the Transaction Security shall secure the revolving credit facility debt on same terms as the existing debt and the new revolving credit facility providers shall accede and adhere to the principles set out in the Intercreditor Agreement.

The Security Agent may from time to time amend, vary and/or restate the Transaction Security and the Guarantees, on behalf of itself and the Secured Parties in order to release Transaction Security and/or the Guarantees provided to an existing Secured Party and/or to create Transaction Security in favour of a new creditor in accordance with the terms of the Intercreditor Agreement.

## **Security Agent**

The Secured Parties have appointed and authorized the Security Agent to hold and to act as its agent and representative with respect to the Security Documents, the Guarantees and the Intercreditor Agreement. The existing Security Agent may resign and a new Security Agent may be appointed in accordance with the procedures set out in the Intercreditor Agreement.

## **Entities Providing the Guarantees and the Transaction Security**

The entities which have either issued the Guarantees and/or provided the Transaction Security or both are detailed below. The financial information presented of the companies in question, is derived from separate financial statements of each entity in question for the financial year ended 31 January 2021 in accordance with the applicable local generally accepted accounting principles.

### ***Business of the Guarantors and the Transaction Security providers***

Each of the Guarantors and/or the Transaction Security provider is an operative subsidiary of HLRE Holding Oyj and their principal business is the offer of roof renovation and installation services primarily to detached and row houses as well as to develop, manufacture and sell roofing profiles, rainwater systems, roof safety products and other ancillary products.

The Group Structure of HLRE Holding Oyj is presented in “*Information about the Issuer - Group Structure*” of this Prospectus and the consolidated financial statements of HLRE Holding Oyj are incorporated into this Prospectus by reference (see “*Documents Incorporated by Reference*”).

### ***Additional information of the Guarantors and the Transaction Security providers***

#### ***HLRE Holding Oyj***

A description of HLRE Holding Oyj is presented under sections “*Description of the Issuer*”, “*Board of Directors, Management and Auditors*” and “*Share Capital and Ownership Structure*”.

#### ***HLRE Group Oy, Pirkkala, Finland***

HLRE Group Oy (established 19 March 2014, business identity number 2607255-5) is a limited liability company organised and validly existing under the laws of Finland. The registered office of the company is located at Jasperintie 273, FI-33960 Pirkkala, Finland. According to the articles of association of HLRE Group Oy, the company’s field of activity is general industry.

The Board of Directors of the company consists of the following members:

Pentti Tuunala,  
Ari Haapakoski,  
Timo Pirskanen,  
Kimmo Riihimäki,  
Anu Syrmä and  
Mika Uotila.

The CEO of the company is Kimmo Riihimäki.

#### ***Vesivek Oy, Pirkkala, Finland***

Vesivek Oy (established 17 November 1993, business identity number 0951383-0, LEI code 743700S3F2ACT79CZP36) is a limited liability company organised and validly existing under the laws of Finland. The registered office of the company is located at Jasperintie 273, FI-33960 Pirkkala, Finland. According to its articles of association, the company’s field of activity is general industry which includes any lawful activity. The main activity of the company is construction and sheet metal works and related sales, installation and service activities.

The Board of Directors of the company consists of the following members:

Pentti Tuunala,  
Timo Kautto,  
Susanna Kumpulainen, and  
Kimmo Riihimäki.

The CEO of the company is Jari Lehtola.

*Nesco Oy, Orimattila, Finland*

Nesco Oy (established 8 October 1981, business identity number 0432656-9) is a limited liability company organised and validly existing under the laws of Finland. The registered office of the company is located at Teollisuustie 8, FI-16300 Orimattila, Finland. According to its articles of association, the company's field of activity is the development, manufacturing, sales, installation, foreign trade and consultation of variety of metal and plastic products, roof safety products and equipment, roofing materials and products and rainwater systems and industrial grommets and their manufacturing technology, and related and other services. The company can own, manage, lease, buy and sell securities, buildings, land and immovable property.

The Board of Directors of the company consists of the following members:

Kimmo Riihimäki,  
Timo Kautto, and  
Susanna Kumpulainen.

The CEO of the company is Pasi Heikkonen.

*Nesco Invest Oy, Orimattila, Finland*

Nesco Invest Oy (established 8 March 2011, business identity number 2394855-8) is a limited liability company organised and validly existing under the laws of Finland. The registered office of the company is located at Teollisuustie 8, FI-16300 Orimattila, Finland. According to its articles of association, the company's field of activity is, through the ownership of its subsidiaries, product development, manufacturing, sales, foreign trade and marketing consultancy of various metal and plastic products. For this purpose, the company may additionally engage in consultancy, securities trading, ownership, management, sale and purchase of real estate, shares and rights, private equity activities and provision of financial services to the company's group companies, when these relate to the group companies' strategy and business.

The Board of Directors of the company consists of the following members:

Kimmo Riihimäki,  
Timo Kautto, and  
Susanna Kumpulainen.

The CEO of the company is Pasi Heikkonen.

*Vesivek Sverige AB, Bålsta, Sweden*

Vesivek Sverige AB (established 21 December 2015, business identity number 559043-6118) is a limited liability company organised and validly existing under the laws of Sweden. The registered office of the company is located at Kalmarleden 40, SE-746 37 Bålsta, Sweden. According to its articles of association, the company's field of activity is to carry out roofing works and other construction activities and consequently compatible activities.

The Board of Directors of the company consists of the following members:

Kimmo Riihimäki, and  
Jani Jylhä.

The CEO of the company is Jani Jylhä.

### ***Conflicts of Interest***

Kimmo Riihimäki owns TKR Kiinteistöt Oy from which Vesivek Oy rents business properties. The rents are established on a market value basis and matters related to these transactions are dealt in the Board meetings without the presence of Kimmo Riihimäki. In addition, Vesivek Oy buys special screws used in roof renovations from Kingi Oy, a company in which Jari Lehtola and Kimmo Riihimäki are the majority owners. Other than the aforementioned and to the extent that can be reasonably verified by the Issuer, none of the members of the Board of Directors or the CEOs, if any, of the Guarantors and/or the Transaction Security providers have any conflicts of interests between any duties to the Guarantor and their private interests and/or their other duties.

### ***Auditors***

The auditor of the Guarantors and/or Transaction Security providers (and of the Group) is PricewaterhouseCoopers Oy (Finland) or companies belonging to the same group.

### ***Selected financial information of the Guarantors and the Transaction Security providers***

The following table sets forth selected audited financial information on the Guarantors and/or the Transaction Security providers as at and for the financial year ended 31 January 2021.

|                               | <b>Turnover</b><br><b>1 February 2020-</b><br><b>31 January 2021</b> | <b>Share Capital</b><br><b>31 January,</b><br><b>2021</b> | <b>Total Equity</b><br><b>31 January,</b><br><b>2021</b> | <b>Total Assets</b><br><b>31 January,</b><br><b>2021</b> |
|-------------------------------|--|---|--|--|
| <b>EUR 1,000</b>              |  |   |  |  |
| HLRE Holding Oyj <sup>1</sup> | 285  | 3   | 19,024   | 33,355   |
| HLRE Group Oy                 | 1,640  | 2.5   | 33,076   | 65,576   |
| Vesivek Oy                    | 80,391   | 10  | 14,042   | 24,672   |
| Nesco Oy                      | 17,928   | 521.4   | 12,537   | 21,203   |
| Nesco Invest Oy               | 0  | 2.5   | 5,659  | 14,095   |
| <b>SEK 1,000</b>              |  |   |  |  |
| Vesivek Sverige AB            | 164,655  | 100   | 6,127  | 37,304   |

<sup>1</sup> HLRE Holding Oy until 14 June 2021.

## DESCRIPTION OF THE ISSUER

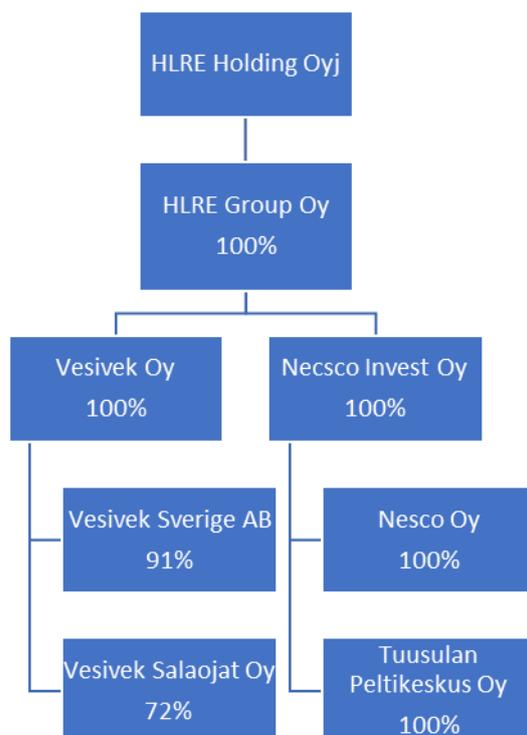
### General Corporate Information

The business name of the Issuer is HLRE Holding Oyj and it is domiciled in Pirkkala, Finland. The Issuer is a public limited liability company organised under the Finnish Companies Act and registered on 20 March 2014 under business identity code 2611405-7. Its registered address is Jasperintie 273, FI-33960 Pirkkala, Finland and telephone number is +358 19 211 3808. The LEI code of the Issuer is 743700UNWAM0XWPHXP50. The Issuer's website is [www.vesivek.fi/en](http://www.vesivek.fi/en). Unless specifically incorporated by reference into this Prospectus, the information contained on the website does not form part of this Prospectus. Upon formation, the Issuer prepared its financial statements under the Finnish Accounting Standards. Since 2018, the Issuer has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The scope of the Issuer's activities comprises of roof renovation and installation services primarily to detached and row houses through its subsidiaries in Finland and Sweden. In addition, the Issuer, through its subsidiaries, develops, manufactures and sells roofing profiles, rainwater systems, roof safety products and other ancillary products. In Finland, it also offers underground drain renovations. For further information, please see "*Business Overview*" below.

### Group Structure

The Issuer is a parent company of HLRE Group Oy which has the following subsidiaries: Vesivek Oy, Vesivek Sverige AB, Vesivek Salaojat Oy, Nescos Invest Oy, Nescos Oy and Tuusulan Peltikeskus Oy. The following chart sets out the legal structure of the Group as at the date of this Prospectus.



## History

The Group was founded by CEO Kimmo Riihimäki in 1993. At the time, the operations focused on roof renovations and the name of the company was Asennus Ki-Ri Oy, which later changed to Hämeen Laaturemontti. The company initiated roofing profile manufacturing in 2013. In 2014, funds managed by Sentica Partners acquired Hämeen Laaturemontti, which later led to the organic opening of three new locations in Finland.

After a strong expansion and nationwide coverage in Finland, the Group established its operations in Sweden in 2016, currently operating through three local offices. Operations in Sweden were initiated with the brand TakExpress. In the same year, Hämeen Laaturemontti acquired the Nesco group, a corporation concentrating on developing, manufacturing and selling rainwater systems and roof safety products. Through the acquisition, the Group expanded its operations to roof products and obtained manufacturing site and five new geographical locations in addition to overlapping site locations, additionally including a small-scale manufacturing in Tuusula. In 2018, all roof renovations were conducted under the same brand Vesivek. In addition, scaffolding was introduced in nearly all roof renovation projects to improve safety.

In February 2021, the Group acquired 71.63 per cent. of Salaojakympit Oy, a provider of underground drain renovations to small residential houses and housing companies in Finland. The name of Salaojakympit Oy was changed in April 2021 to Vesivek Salaojat Oy.

## Market Information

The Group operates in a market where there generally are four different types of providers: roof renovation companies who provide roof renovations and installations of rainwater systems and roof safety products, gutter and roof safety product companies which provide installations of rainwater systems and/or roof safety products, platers and small renovation contractors who are private entrepreneurs and small companies as well as end customers who renovate their roofs themselves. The Group targets consumers who are owners of detached and semi-detached houses, housing companies of row houses both in Finland and Sweden as well as corporate clients such as housebuilders covering newbuilds and other construction companies.

In Finland, the need for renovation and the market size is driven by the technical lifetime of roofs. This lifetime varies between 30 and 80 years depending on the type of roofing material. Based on the construction year of small residential houses, a stock of houses needing a roof renovation can be identified. As there is no other alternative than renovating the roof once its lifetime is coming towards end to keep the house habitable, there is a steady demand in the small residential house roof renovation market. Additionally, active sales efforts by the market participants can create market size by offering other reasons for renovation than pure technical lifetime. These reasons can be, for example, receiving tax credits for household expenses from the government or the desire to improve air quality due to the increased awareness among house owners of the effects and causes of poor air quality. Customers may also want to increase the value of their house ahead of a sale of the property by fixing the roof, or they might want to improve energy efficiency, as it will provide savings from heating costs in combination with the positive environmental impact. In addition, some customers desire to change the roof even when there is nothing technically wrong with it. By changing, these customers usually want to improve the aesthetic of the house as well as the safety of it.

The Finnish markets usually implement active sales model whereas in Sweden the dominant sales model is passive. There is also difference in dominant roofing materials between the two countries as roofs in Finland are mainly made of steel, whereas brick roofs are the most common type in Sweden. Compared to the Finnish market, the Swedish roof renovation market for small houses is approximately twice as large.<sup>2</sup> As for Finland, the market size in Sweden is mainly driven by the need for renovations through the technical lifetime of roofs. The active sales model used by the Group is not established on the Swedish market, where

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<sup>2</sup> Market sizes are based on the realised and expected number of roof renovations and the average price for such renovations. Expected number of roof renovations is based on number of detached houses, semi-detached houses and row houses and their year of construction on the market, which information is derived from Statistics Sweden and Finland. Average price for renovation is based on the Group's assessment.

the renovation providers in general are more passive. Due to this, the roofs in Sweden are generally older, providing opportunities for active players to increase their market share.

## **Strategy**

The Group aims to grow both in Finland and internationally in the future and maintain a flexible capital structure, which makes it possible to implement the growth strategy. The Group has already been successful in this by expanding to Sweden, where the strategy is to establish a presence and gain recognition in the current operating area as the management sees there to be potential to grow organically without expanding geographically. However, in the long-term the Group is looking to expand geographically as well and to enter the Swedish market with Vesivek Salaojat through which the Group provides underground drain renovations to small residential houses and housing companies.

The Group also aims to develop its concepts further and possibly launch new ones which would improve the Group's profitability in the same way as introducing scaffolding to its business has done by decreasing accidents and personnel injuries. Part of the Group's strategy is also to seek potential acquisitions which would support the Group's value chain and improve its brand, like acquisitions of Nesco group and Salaojakympt Oy with cross- and upselling potential among the Group's existing and future customers.

## **Business Overview**

The Group provides roof renovation and installation services primarily to detached and row houses in Finland and Sweden. Additionally, the Group develops, manufactures, and sells roofing profiles, rainwater systems, roof safety products and other ancillary products. In Finland, the Group also provides underground drain renovations.

For the financial year ended 31 January 2021, the Group's revenue was EUR 107.3 million of which Finland accounted for EUR 91.5 million and Sweden for EUR 15.8 million. The Group has expanded from a local renovation provider to a nationwide brand in Finland and is already the largest roof renovation provider in terms of revenue in Sweden's highly fragmented<sup>3</sup> market. The Group's main cost items are materials and services and personnel expenses. For the financial year ended 31 January 2021, approximately 80-85 per cent. of the Group's costs were variable, protecting the margins during slower times.

The Group's business operations in Finland are divided into installation of roofing and roof products, production and sales of rainwater systems and roof safety products as well as underground drain renovations. The installation of roofing and roof products accounted for approximately 87 per cent. of the Group's revenue in Finland for the financial year ended 31 January 2021 and production and sales of rainwater systems and roof safety products for approximately 13 per cent. The underground drain renovations are offered through Vesivek Salaojat Oy, business which the Group acquired in February 2021, and which has been consolidated from 1 February 2021 onwards. In Sweden, the revenue was generated exclusively by installation of roofing and roof products for the financial year ended 31 January 2021.

### ***Installation of roofing and roof products***

In Finland and Sweden, the Group provides roof renovation and installation services under brand name Vesivek. Roof renovation, roofing profile manufacturing and installation services covered approximately 90 per cent. of the Group's revenue for the financial year ended 31 January 2021. Installation services cover installation of roofing profiles which are produced at Group's sheet metal roofing factory in Pirkkala and installations of rainwater systems and roof safety products which are produced under Group's Nesco-brand as described in "*Rainwater systems and roof safety products*" below. The Group's service offering includes the customer promise "Weather protection in just one day", which is made possible by the in-house supply chain from product development to installation and the conceptualised business model.

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<sup>3</sup> Based on TOL 2008 industrial classification 4391 Roofing activities.

The majority of customers of roof renovation and installation services are owners of detached houses and the second largest customer group is housing companies of row houses. Services are offered also to housebuilders covering newbuilds. Based on customer satisfaction surveys for roof renovation and installation services carried out by the Group from the period 1-10/2020, Group's Net Promoter Score is 64 which is significantly higher than the construction industry average of 43, and 93 per cent. of the Group's customers would recommend roof renovations.

#### *Standardized roof renovation concept*

The Group is offering to its customers a limited single project risk with high quality deliveries, as well as optimized staffing and logistics, and minimized disturbance of the customer. The work is completed in four different phases. Phase one is installation of scaffolding. Scaffolding typically arrives at the renovation site one day prior to renovation start. It increases occupational safety and ergonomics as well as improves work efficiency and quality and has been used by the Group since 2018. The Group uses scaffolding in nearly all projects, excluding installations of rainwater systems and roof safety products where there is no roof renovation aspect involved.

Phase two is dismantling of old roof and installation of a new one. For this, a four-person crew removes the old roofing and installs the new roof. This is done over the course of one day, minimizing the disturbance of the customer. In addition, optimized logistics is being used as a truck is used to transport the needed material to the site, for lifting material to the roof and to transport the waste for recycling.

In phase three, the roof is being finished. A two-person crew completes finishing work and installations on the day after the new roof has been put into place. The finishing includes, for example, installation of products such as rainwater systems and roof safety products as ladders and snow stoppers. This is all being executed with all tools, products and materials transported in standardized vans, meaning there are no replenishments during the day.

Final phase four is dismantling of scaffolding. This usually happens the day after the roof has been finished. As each of the phases are normally completed within one day, the entire roof renovation is often completed in four days.

Average projects are usually low in size. In Finland, during financial year ended 31 January 2021 approximately 4,500 roof renovation projects were carried out with the average project size of approximately EUR 16,500 and approximately 9,000 installations of rainwater systems and roof safety products were carried out with the average project size of approximately EUR 2,000.

#### *Contracts and pricing*

The Group provides fixed price projects as it is a strong customer preference and an industry standard. A new roof is seen as a product rather than a project and the average computational project margin aimed by the Group is approximately 40 per cent. The contracts typically include a contingency margin of four hours of additional work to cover additional overruns due to, for example, damaged roof structures. Overruns are rare and they are often compensated by the customers based on additional work hours required, which protects the Group's margins. As the customer contract has a flexible delivery date, it is possible for the Group to optimise the employee utilisation and mitigate the weather risk for delivery.

#### *Scaffolding*

The Group acts as a pioneer in the roofing renovation market by using scaffolding in all roof renovation projects. In early 2018, scaffolding built around the house was introduced in the Group to address workplace safety as it provides the best possible protection against falling.

There are several competitive advantages from scaffolding. Pre-installed scaffolding optimises use of installers' time, improves work quality and efficiency due to more ergonomic working conditions and

minimises risk of personnel injuries and sick days as well as increases personnel commitment. In addition, the Group sees that occupational safety and health authorities support the use of scaffolding and the Group is proactively following possible increased safety regulations. Lastly, scaffolding acts as a selling point to customers as, based on consumer research ordered by the Group, safety and reliability are important selection criteria for the customers.

#### *Production of roofing profiles*

Roof renovation and installation services cover installation of roofing profiles which are produced at Group's sheet metal roofing factory in Pirkkala which produces all roofing profiles used in renovations reducing dependence on subcontractors and increasing flexibility and speed of delivery. One third of the full capacity of the factory is being used at the date of this Prospectus as spare capacity is intended to be used for future expansion.

The most popular roofing profile produced in Pirkkala is brick pattern steel roofing, which is being used by most of the customers. It is CE-approved, easy to maintain and has long durability. Other products produced in Pirkkala include lock seam roofing, corrugated roof sheets, which are also used for industrial halls and are additionally available as wall profiles, and brick roofing, which is mainly used in Sweden. Large portion of the customers with brick roofing are switching to steel roofing.

#### *Rainwater systems and roof safety products*

Under the brand name Nesco, the Group develops, manufactures, and sells high quality rainwater systems and roof safety products which covered approximately 10 per cent. of the Group's revenue for the financial year ended 31 January 2021. There are over 2000 product titles included in the offering. Nesco-brand is known for reliability, customer service and expertise.

In the financial year ended 31 January 2021, approximately 50 per cent. of the sales of Nesco to end customers were executed through the Group as internal sales at market prices. Cross-selling of products and services between Vesivek and Nesco brands offers customer the possibility to get the roof renovation and the needed roof products as well as their installation at the same time without having to wait and also makes it possible for the Group to control a larger part of the value chain, leaving only manufacturing of materials to third parties.

Nesco product offering includes gutters and rainwater systems comprising of rainwater gutters and downpipes, which serve to guide rainwater and melting snow on the roof away from the building, wall and roof ladders and snow guards. The Group offers specialist help to its customers to make sure that the right product is chosen. Product offering also includes different safety equipment like roof walkways which provide security for transverse moments on the roof, emergency exit routes which guarantee safe exit from upstairs windows and balconies and fall protection, a system preventing or arresting a fall, usually implemented by means of wire systems, safety rails or individual roof or counterweight bollards.

Production of rainwater systems and roof safety products, used both in installations and sold to external customers, is concentrated in Orimattila, Finland. There is a strong focus on automation, enabling consistent quality and fast deliveries.

#### *Underground drain renovations*

The Group provides underground drain renovations to small residential houses and housing companies in Finland through Vesivek Salaojat Oy, which the Group acquired in February 2021. Much like roof renovations, underground drain renovations are completed within 2 to 4 days and are needed at similar approximately 40-year intervals as roof renovations. Considerable amount of the revenue of underground drain renovation business comes from Pohjanmaa, area of Vaasa, Keski-Pohjanmaa, Keski-Suomi, Pirkanmaa, Kuopio and Uusimaa. Management sees cross- and upselling potential among existing and future customers of the Group in adding this service to the Group's service portfolio.

Underground drain renovation work is done by the Group's own installers and equipment, which helps to keep the quality of the renovation high enabling the Group to provide an installation warranty of five years. Clear contracts and comprehensive documentation for underground drain renovations is provided, meaning that prior to the renovation, the customer receives a written report on the condition of the drainage as well as on all work stages, meaning that the property owner will have the drainage system documented to be used, for example, when selling the property.

### **Intellectual Property Rights**

The most important brands of the Group are Vesivek and Nesco. Both of these are registered trademarks and also Vesivek-logo is protected throughout the European Union. In addition, the Group protects its innovative products, such as rainwater drainage and roof safety products developed by Nesco as well as Vesivek's roofing profiles, with appropriate intellectual property rights, such as trademarks and patents, depending on the product in question. For example, currently Nesco has seven products protected by design rights within the European Union and the United Kingdom. These protected Nesco products are also used by Vesivek in its own business activities.

### **ESG**

The biggest sustainability related challenges in the industry where the Group operates are efficient use of resources by minimising the amount of energy consumed and reducing the overall consumption of raw materials to lower environmental impact, workplace safety, which has been increasingly on the focus of the industry, and transparency towards customers and suppliers. The Group is taking a proactive approach to ESG matters as it improves competitive positioning and is capitalising on shifting consumer preferences.

Management sees that the Group operates above their industry peers regarding sustainability initiatives and is positioned as the frontrunner in adopting sustainable practices into its operations, for example, by proactively lowering the Group's ecological footprint through logistics optimisation and sustainable waste management. The Group is certified with the quality management standard ISO 9001:2015 by Bureau Veritas and its systems have been audited and certified with the RALA certification of the Finnish Construction Quality Association (Rakentamisen Laatu Rala Ry).

The Group has an environment focused business model which focuses on alternative utilisation of the roof, energy efficiency and recycling. Alternative utilisation of the roof refers to the demand of solar panels to be installed on small residential houses which the management expects to increase significantly during the coming years. The Group aims to be on the forefront with its customer offering and constantly develops new solutions to respond to this demand. The Group is currently manufacturing solar panel brackets and has plans of including solar panel installations in its offering portfolio in the future.

Over the past decade the increased energy awareness of consumers and the increased heating costs for small residential houses as a result of rising electricity prices have contributed towards the increased popularity of energy renovations. By adding insulation in connection with a roof renovation the energy efficiency of the house is improved significantly and while executing roof renovations, the Group provides the readiness for the later installation of insulation by a subcontractor. In addition, the Group recycles approximately 95 per cent. of the waste in connection with roof renovation. The Group's headquarters in Pirkkala, Finland are heated by waste wood from roof renovations completed by the local renovation unit. Recently, the Group has invested into solar panels to power the manufacturing plants in Pirkkala with renewable energy and is currently looking to do the same in Orimattila.

The Group does not rely on any scarce resources in its operations, and it is well-positioned to capture the climate change related opportunities from changed customer preferences and is continuously monitoring the relevant legislation in order to be prepared to take adaptive actions associated with the ESG Regulation. The Group's primary means of making an environmental impact is through minimising the carbon footprint by reducing emissions and energy consumption with optimised logistics and increasing recycling of material such as construction waste while using the wood residue to heat generation.

In relation to the social part of the ESG, the Group puts a strong emphasis on ensuring safe working conditions by using around-the-house scaffolding in nearly all renovations to prevent falling from the roof, having mandatory workplace safety training and by constantly monitoring the progress of safety observations. As one of the industry's challenges is occupational safety, preventive measures have been put into place which have reduced accidents. Crane-assisted material lifting and around the house scaffolding have decreased the personnel injuries by 83 per cent. between 2016-2020. In addition to this, the Group trains its employees itself, offering new career paths for people with no higher education, purchases nearly all of its materials from Finland and only operates with credible and sustainable suppliers.

For governance aspect of ESG, the Group has no ongoing or historical incidents involving corruption and it offers a mandatory compliance training for all employees, including educating on the zero tolerance of all malpractice. The Group has rented its business properties in Pirkkala, Oulu, Pori, Kerava, Lieto and Jyväskylä from TKR Kiinteistöt Oy, a company which is owned by the CEO Kimmo Riihimäki. The rents are established on a market value basis and matters related to these transactions are dealt in board meetings without the presence of Kimmo Riihimäki. Additionally, the Group has related party guidelines approved by the Board of Directors.

### **Personnel**

As at 31 October 2021, the Group had approximately 850 employees across 20 units. Approximately 100 employees were based in the three Swedish units (Uppsala, Bålsta and Flen) and 750 employees in the remaining 17 Finnish units.

### **Legal and Regulatory Proceedings**

The Group has no pending governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) which may have or may have had in the past 12 months significant effects on the Issuer's, the Guarantors' and/or Group's financial position or profitability.

### **Material Contracts**

As at the date of this Prospectus, there are no material contracts outside the ordinary course of business of the Group to which any Group member is a party and which could result in any Group member being under an obligation or entitlement that is material to Group's ability to meet its obligations to holders of Bonds.

## FINANCIAL AND OTHER INFORMATION

### Financial Information

The Issuer prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union. The Issuer's audited consolidated financial statements as at and for the financial years ended 31 January 2021 and 31 January 2020 have been incorporated into this Prospectus by reference. See "*Documents Incorporated by Reference.*" Save for the Issuer's audited consolidated financial statements as at and for the financial years ended 31 January 2021 and 31 January 2020, no part of this Prospectus has been audited.

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

### Current Financing Arrangements

In addition to the Bonds, the Group finances its business operations by Super Senior RCF (as defined in the *Terms and Conditions of the Bonds*), a EUR 2 million multicurrency revolving credit facility agreement with Danske Bank A/S, Finland Branch as lender. As at the date of this Prospectus, the Issuer has not yet utilized any of its available Super Senior RCF. The Group also has shareholder loans from the Issuer's shareholders which amounted to EUR 10.8 million as at the end of the financial year ended 31 January 2021. The interest accrued on the shareholder loans totalled EUR 3.3 million as at the end of the financial year ended 31 January 2021 pursuant to the coupon rate of 6.00 per cent p.a. Interest is capitalised. The shareholder loans are unsecured, unguaranteed and subordinated, among other things, to the Bonds and Super Senior RCF. For further information see "*Additional Information on the Transaction Security and Intercreditor Agreement*".

### Maturities of Contracts of Financial Liabilities

The following table sets forth the maturities of contracts of financial liabilities of the Group as at 31 October 2021<sup>4</sup>.

| <b>EUR 1,000</b>                   | <b>No more than 6 months</b> | <b>Over 6 months and no more than 12 months</b> | <b>Over 1 year and no more than 2 years</b> | <b>Over 2 years and no more than 5 years</b> | <b>Over 5 years</b> | <b>Total</b> | <b>Book value</b> |
|------------------------------------|------------------------------|---|---|--|---------------------|--------------|-------------------|
| Accounts payables                  | 10,666                       | 7   | 5   |  |                     | 10,678       | 10,678            |
| Lease liabilities                  | 2,598                        | 2,326   | 4,248                                       | 3,162  | 304                 | 12,638       | 12,285            |
| Senior secured floating rate bonds | 994                          | 994   | 1,987                                       | 31,146                                       |                     | 35,120       | 29,483            |
| Shareholder loans                  |                              |   |   | 15,937                                       |                     | 15,937       | 14,458            |

<sup>4</sup> Information included in the table is unaudited.

## **Recent Developments**

*Unless otherwise stated herein or the context otherwise requires, capitalised terms used below shall have the meaning ascribed to them in the “Terms and Conditions of the Bonds”.*

On 12 February 2021, the Issuer reorganised its financing by issuing the Bonds. The Issuer also entered into agreement regarding Super Senior RCF. For further information on Super Senior RCF see “*Current Financing Arrangements*”. The proceeds of the Bonds were used, among other things, to refinance the Refinancing Debt and redeem the equipment included in the leaseback agreement signed with Danske Finance Oy on 12 April 2019. For further information on the use of proceeds see “*Terms and Conditions of the Bonds — Use of Proceeds*” and on maturities of financial liabilities after refinancing see “*Maturities of Contracts of Financial Liabilities*”. In connection with the issue of the Bonds, the Issuer entered into Finance Documents.

In February 2021, the Group acquired 71.63 per cent. of Salaojakympit Oy, a provider of underground drain renovations to small residential houses and housing companies in Finland. The name of Salaojakympit Oy was changed in April 2021 to Vesivek Salaojat Oy. Vesivek Salaojat Oy has been consolidated from 1 February 2021 onwards.

During the nine months ended 31 October 2021, the Group’s roof installation volumes improved in Sweden and roof product sales volumes increased in Finland compared to the nine months ended 31 October 2020. Along with the acquisition of Vesivek Salaojat Oy and increase in sales prices introduced in 2020 in Finland and Sweden, the increase in volumes had positive impact on Group’s financial performance during the nine months ended 31 October 2021.

Group’s operating environment continues to be subject to uncertainty caused by the COVID-19 pandemic and the Group has prepared plans for reacting and adjusting operations to different scenarios. Also, purchase prices of raw materials such as steel and wood used in Group’s business operations continued to increase in 2021. Group has reacted to purchase price increases in all Group companies and businesses by increasing sales prices.

## **Material Adverse Changes in the Prospects**

There has been no material adverse change in the prospects of the Issuer or any of the Guarantors since 31 January 2021, which is the last day of the financial period in respect of which the most recent audited financial statements of the Issuer have been published.

## **Significant Changes in the Group’s Financial Performance or Position**

Other than what is described in “*Recent Developments*”, there has been no significant change in the Group’s financial performance or position since 31 January 2021, which is the last day of the financial period in respect of which the most recent financial statements of the Issuer have been published.

## BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

### General

Pursuant to the provisions of the Finnish Companies Act and the Issuer's Articles of Association, responsibility for the control and management of the Issuer is divided between the general meeting of shareholders, the Board of Directors with its Audit Committee, and the CEO, supported by the Management Team. Shareholders participate in the control and management of the Issuer through actions taken at general meetings of shareholders. In general, general meetings of shareholders are convened upon notice given by the Board of Directors. In addition, according to the Finnish Companies Act general meetings of shareholders shall be held when requested in writing by an auditor of the Issuer or by shareholders representing at least one-tenth of all the outstanding shares of the Issuer.

In its decision-making and administration, the Issuer applies its Articles of Association, the Finnish Companies Act and the Finnish Securities Market Act and other laws and regulations applicable to listed bonds. Pursuant to the Finnish Corporate Governance Code issued by the Finnish Securities Market Association, the Issuer is not under an obligation to follow the Corporate Governance Code as it has not issued any shares that are traded on the official list of Nasdaq Helsinki.

The business address of the members of the Board of Directors, the CEO and the members of the Management Team is HLRE Holding Oyj, Jasperintie 273, FI-33960 Pirkkala, Finland.

### Board of Directors and Management Team

#### *Board of Directors*

The Board of Directors is responsible for the administration and the proper organization of the Issuer's operations. During the financial year ended 31 January 2021, the Board of Directors convened 11 times.

The Board of Directors comprises a minimum of three and a maximum of ten members, each of whom is elected at the general meeting of shareholders of the Issuer. The term of office of the members of the Board of Directors expires at the close of the next annual general meeting of shareholders of the Issuer following the election.

As at the date of this Prospectus, the members of the Board of Directors are as follows:

|                       | <b>Position</b>                  | <b>Year born</b> | <b>Year appointed to the Board of Directors</b> |
|-----------------------|----------------------------------|------------------|---|
| Pentti Tuunala .....  | Chair of the Board of Directors  | 1969             | 2014  |
| Ari Haapakoski .....  | Member of the Board of Directors | 1960             | 2018  |
| Timo Pirskanen .....  | Member of the Board of Directors | 1969             | 2018  |
| Kimmo Riihimäki ..... | Member of the Board of Directors | 1971             | 2014  |
| Anu Symä .....        | Member of the Board of Directors | 1971             | 2018  |
| Mika Uotila .....     | Member of the Board of Directors | 1971             | 2020  |

*Pentti Tuunala* has been the Chair of the Board of Directors and a member of the Board of Directors since 2014. Mr. Tuunala is also a Partner at Sentica Partners Oy, the Chair of the Board of Directors of TerraWise Oy, and member of the Board of Directors of Huld Oy. Previously, Mr. Tuunala has held positions as the Chair of the Board of Directors of Ropo Capital between 2016 and 2019, FinnSonic Oy between 2006 and 2013, member of the Boards of Directors of Treston Group Oy between 2014 and 2017, Darekon Oy Ltd between 2010 and 2015, AtBusiness Oy between 2007 and 2013 and as a Corporate Analyst and Product Manager at Finnvera Oyj between 1995 and 1999. Mr. Tuunala holds a Master of Science degree in Engineering.

*Ari Haapakoski* has been a member of the Board of Directors since 2018. Mr. Haapakoski is also the Managing Director and a founder of Aspentum Oy, member of the Boards of Directors of Aspentum Oy, Volter Oy, Earthpac Oy, Miilux Oy, Miilux Poland Sp. z o.o and Miilux Turkey. Previously, Mr. Haapakoski was a Vice President of Engineering at ADC Telecommunications (USA) between 1992 and 2001. He has also held previous board assignments for Fortel Invest Oy, Mecanova Oy, Lapwall Oy and NuoTek Oy. Mr. Haapakoski holds a Master of Science degree in Technology.

*Timo Pirskanen* has been a member of the Board of Directors since 2018 and the Chair of the Audit Committee since 2020. Mr. Pirskanen is also the Chief Financial Officer of iLOQ Oy. Previously, Mr. Pirskanen has held positions as the Chief Financial Officer of Adapteo Group between 2019 and 2020 and Kotipizza Group Oy between 2015 and 2019. In addition, Mr. Pirskanen has been the Senior Vice President of Investor Relations at Rautaruukki Oy between 2011 and 2014, the Vice President and Head of Research at Deutsche Bank AG, Helsinki Branch between 2004 and 2011, an Associate at Advium Partners Oy between 2002 and 2004, an Investment Manager at 2M Invest A/S between 2000 and 2002, a Financial Analyst at Carnegie Investment Bank between 1997 and 2000, and an Auditor at PricewaterhouseCoopers between 1995 and 1997. Mr. Pirskanen holds a Master of Science degree in Economics.

*Kimmo Riihimäki* has been a member of the Board of Directors since 2014 and the CEO of the Issuer since 2017. Mr. Riihimäki was the CEO of Vesivek Oy and its predecessors from 1993 when he started the company until 2021. Mr. Riihimäki is also a Partner and the Chair of the Boards of Directors at eSend Finland Oy, P1 Motorsport Oy and Sun Deal Oy, and a Partner and a member of the Board of Directors at Audax Auto Oy. In addition, Mr. Riihimäki is the CEO and the Chair of the Board of Directors at TKR Kiinteistöt Oy, the Chair of the Board of Directors at Kimmo Riihimäki säätiö sr and a member of the Boards of Directors at Valmistuli Oy and Minnesota-Hoito Oy. Previously, Mr. Riihimäki was a member of the Boards of Directors at Lielahden Liikekeskus Oy between 2015 and 2021, Aare Invest Oy between 2017 and 2021 and Perustava Oy between 2019 and 2021.

*Anu Syrmä* has been a member of the Board of Directors since 2018. She is also the Marketing Director of Helsinki Partners, member of the Boards of Directors of Dimex Oy, Dimex Group Oy and Dimex Holding Oy, HUONE International Oy and HelsinkiMissio ry. Previously, Ms. Syrmä has held positions as the Marketing Director of Helsinki Marketing between 2020 and 2021, the Chief Executive Officer of Zeropoint Finland Oy between 2019 and 2020, the Chief Marketing Officer of Reima between 2014 and 2017, as well as the Director to Consumer Sales between 2015 and 2017, and a Senior Manager of Global Retail Development at Nokia between 2007 and 2008, Brand/Marketing Manager in the Coca-Cola Company between 2000 and 2004 as well as Country Manager between 2004 and 2007. In addition, Ms. Syrmä has been a founder and a partner at SIS. Deli+café between 2008 and 2018. Ms. Syrmä holds a Master of Science degree in Economics.

*Mika Uotila* has been a member of the Board of Directors since 2020. He is also the CEO and the Chair of the Board of Directors at Sentica Partners Oy. In addition, Mr. Uotila is the Chair of the Boards of Directors of Montessori-päiväkoti Aurinkoleijona Oy, Lastentalo Mukulax Oy, Coptersafety Oy, Apula Oy, Luotsi Capital Oy, Verkanappulat Oy and Paltan Päiväkoti Oy, and a member of the Boards of Directors of Eezy Oyj, Kolmen Kaverin Jäätelö Oy and Orneule Oy. Previously, Mr. Uotila has been the Chair of Boards of Directors of Solteq Oyj between 2015 and 2017, Func Food Group Oy between 2015 and 2019, and Pihlajalinna between 2009 and 2016 and a member of the Board of Directors of Solteq Oyj between 2015 and 2021. Mr. Uotila holds a Master of Science degree in Economics.

#### ***Audit Committee***

The Audit Committee assists the Board in supervising the Issuer's governance, accounting and financial reporting, internal control systems and monitoring the activities of the external audit. The Chair and members of the Audit Committee are elected by the Board from among its members. As at the date of this Prospectus, members of the Audit Committee are Timo Pirskanen (Chair), Pentti Tuunala and Mika Uotila.

### **Chief Executive Officer**

The CEO (Managing Director) is appointed by the Board of Directors. The CEO is responsible for day-to-day operations and management in accordance with the Companies Act and guidelines and instructions provided by the Board of Directors. As at the date of this Prospectus, Kimmo Riihimäki is the CEO of the Issuer.

### **Management Team**

The CEO is supported by the Management Team. The Management Team consists of the CEO, the Chief Financial Officer, the CEO of Vesivek Oy/Vesivek Salaojat Oy, the Group HR Director, the CEO of Nesco Oy and the CEO of Vesivek Sverige AB. The CEO acts as the Chair of the Management Team as the immediate supervisor of the team's members.

As at the date of this Prospectus, the members of the Management Team are as follows:

|                      | <b>Position</b>                       | <b>Year born</b> | <b>Appointed to the Management Team</b> |
|----------------------|---------------------------------------|------------------|---|
| Kimmo Riihimäki...   | CEO                                   | 1971             | November 2018                           |
| Jari Raudanpää ..... | CFO                                   | 1968             | November 2018                           |
| Jari Lehtola.....    | CEO of Vesivek Oy/Vesivek Salaojat Oy | 1967             | November 2018                           |
| Anu Lapiolahti.....  | HR Director                           | 1975             | November 2021                           |
| Pasi Heikkonen ..... | CEO of Nesco Oy                       | 1968             | November 2021                           |
| Jani Jylhä.....      | CEO of Vesivek Sverige AB             | 1975             | November 2021                           |

*Kimmo Riihimäki* has been a member of the Board of Directors since 2014 and the CEO of the Issuer since 2017. Mr. Riihimäki was the CEO of Vesivek Oy and its predecessors from 1993 when he started the company until 2021. Mr. Riihimäki is also a Partner and the Chair of the Boards of Directors at eSend Finland Oy, P1 Motorsport Oy and Sun Deal Oy, and a Partner and a member of the Board of Directors at Audax Auto Oy. In addition, Mr. Riihimäki is the CEO and the Chair of the Board of Directors at TKR Kiinteistöt Oy, the Chair of the Board of Directors at Kimmo Riihimäki säätiö sr and a member of the Boards of Directors at Valmistuli Oy and Minnesota-Hoito Oy. Previously, Mr. Riihimäki was a member of the Boards of Directors at Lielahden Liikekeskus Oy between 2015 and 2021, Aare Invest Oy between 2017 and 2021 and Perustava Oy between 2019 and 2021.

*Jari Raudanpää* has been the Chief Financial Officer since 2018. Previously, Mr. Raudanpää was the Finance Director of Ambientia Group Oy between 2014 and 2018, a Manager, business control, Forestry business at UPM Kymmene Oyj between 2011 and 2014, a Business Controller at Walki Oy in 2011, the Head of Finance/business unit controller at Bong Suomi Oy between 2005 and 2011, a Finance Manager/controller at Liaison Technologies between 2001 and 2005, a Purchaser at Kauppahuone Harju Oy in 2000, and an Area Sales Manager at Collection Agency Contant Oy Ltd (part of Merita Group) between 1997 and 1999. Mr. Raudanpää holds a Master of Science degree in Economics.

*Jari Lehtola* has been the CEO of Vesivek Oy/Vesivek Salaojat Oy since 2021 and was the Sales and Marketing Director between 2018 and 2021. He is also the Chair of the Board of Directors of Kingi Oy and owner and Chief Executive Officer of Konehovi Oy. Previously, Mr. Lehtola has been an owner and the Chief Executive Officer of Kingi Oy between 2008 and 2018, the Chair of the Boards of Directors of Prometo Oy between 2013 and 2014, and Cantava Oy between 2012 and 2014, the Chief Executive Officer and partner of Celectus Oy between 2005 and 2007, the Head of Chain of Telia Product Oy between 1993 and 2002, the owner and Chief Executive Officer of Javanet Oy between 1992 and 1993, and the owner and Sales Director of Rakennus Lehtola Ky between 1986 and 1992. Mr. Lehtola holds specialist qualification in Business Management.

*Anu Lapiolahti* has been the HR Director since July 2021. Previously, Ms. Lapiolahti has been the HR Advisor of Gallant Finland between March 2021 and July 2021, HR Director at Carrot Palvelut Oy between 2019 and 2021, HR Manager at Amerplast between January 2018 and February 2018 and later Chief Human Resources Officer between 2018 and 2019, HR Director at Suomen Transval Group Oy between 2014 and 2017 and HR Manager at Vindea Oy between 2012 and 2013, HSG Logistics Oy between 2009 and 2012 and Proffice Finland between 2007 and 2008. Ms. Lapiolahti holds vocational qualification/degree in business and administration and in addition general law studies (60 cr).

*Pasi Heikkonen* has been the CEO of Nesco Oy since 2018. Previously, Mr. Heikkonen has held several management positions at Nesco Oy and its predecessors since 2000. Mr. Heikkonen holds a Master of Science degree in Technology.

*Jani Jylhä* has been the CEO of Vesivek Sverige AB since 2015. Previously, Mr. Jylhä has worked as an Entrepreneur offering Consultant services between 2012 and 2015. He has also held several positions at K-Rauta AB such as Managing Director between 2005 and 2012, Sales Director B2B between 2004 and 2005, Store Manager between 2002 and 2004, Category Manager between 2001 and 2002 and Category Advisor between 2000 and 2001. Mr. Jylhä has a college degree in Financial Administration.

### **Conflicts of Interest**

Provisions regarding conflicts of interest of the management of a Finnish Issuer are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself/herself and the Issuer, nor may he/she participate in the handling of a contract between the Issuer and a third party if he/she may thereby receive a material benefit which may be in contradiction with the interests of the Issuer. The above provision regarding contracts also applies to other legal acts and proceedings and to other similar matters. These provisions are also applied with regard to the Chief Executive Officer.

Chairman of the Board of Directors Pentti Tuunala and member of the Board of Directors Mika Uotila are employed by Sentica Partners Oy, the manager of the fund Sentica Buyout IV Ky which controls the Issuer together with Sentica Buyout IV CO Investment Ky, and the controlling shareholder could have interests which conflict with the interests of the Issuer. The CEO and member of the Board of Directors Kimmo Riihimäki owns TKR Kiinteistöt Oy from which Vesivek Oy rents business properties. The rents are established on a market value basis and matters related to these transactions are dealt in the Board meetings without the presence of Kimmo Riihimäki. Additionally, the Group has related party guidelines approved by the Board of Directors. Further, Vesivek Oy buys special screws used in roof renovations from Kingi Oy, a company in which Jari Lehtola and Kimmo Riihimäki are the majority owners. Other than the aforementioned and to the extent that can be reasonably verified by the Issuer, none of the members of the Board of Directors, the Chief Executive Officer or the other members of the Management Team have any conflicts of interests between any duties to the Issuer and their private interests and/or their other duties.

### **Auditors**

On 14 April 2021, the annual general meeting of shareholders of the Issuer re-elected PricewaterhouseCoopers Oy as the Issuer's auditor with Markku Launis, Authorised Public Accountant, as the auditor with main responsibility. The audited consolidated financial statements of the Issuer as at and for the financial years ended 31 January 2021 and 2020 were audited by PricewaterhouseCoopers Oy, with Markku Launis, Authorized Public Accountant, as the auditor with main responsibility. PricewaterhouseCoopers Oy and Markku Launis are authorized by the Finnish Patent and Registration Office.

The registered address of PricewaterhouseCoopers Oy is Itämerentori 2, FI-00180 Helsinki, Finland.

## SHARE CAPITAL AND OWNERSHIP STRUCTURE

As at the date of this Prospectus, the Issuer's share capital is EUR 80,000.00 and the total number of shares issued is 16,626,723. The Issuer has one series of shares. Each share carries one vote at general meetings of shareholders.

The following table sets forth the shareholders of the Issuer as at the date of this Prospectus:

|                               | <u>Number of shares</u> | <u>Percent of shares<br/>and votes</u> |
|-------------------------------|-------------------------|--|
| Sentica Buyout IV -funds..... | 8,783,695               | 52.8                                   |
| Kimmo Riihimäki .....         | 5,497,826               | 33.1                                   |
| Other key persons .....       | 2,345,202               | 14.1                                   |
| <b>Total.....</b>             | <b>16,626,723</b>       | <b>100</b>                             |

The Issuer is controlled (as referred to in Chapter 2, Section 4 of the Finnish Securities Market Act) by the fund Sentica Buyout IV Ky together with Sentica Buyout IV CO Investment Ky, which are managed by Sentica Partners Oy, a Finnish private equity company, and which together own approximately 52.8 per cent. of the shares and votes in the Issuer. As at the date of this Prospectus, Sentica Buyout IV Ky owns 51.35 per cent. and Sentica Buyout IV CO Investment Ky 1.48 per cent. of the shares and votes in the Issuer. The Issuer is not aware of any arrangements the operation of which may result in a change of control of the Issuer. The Finnish Companies Act is based on the principle of equal treatment of shareholders and sets out several restrictions on abuse of control of a shareholder in order to prevent giving certain shareholders undue advantage over other shareholders of a company. The Finnish Companies Act also contains a number of provisions to protect the minority shareholders. Generally, at least 2/3 votes are required for, *inter alia*, amendments to the company's Articles of Association and to resolve upon a share issue in deviation from the pre-emptive rights of shareholders.

At the end of the financial year ended 31 January 2021, the Issuer decided on a directed transfer of treasury shares, wherein the key employees of the Group were offered a total of 107,550 treasury shares to purchase at a price of EUR 1 per share. The purchase price of the shares was considered to be equal to the fair value of the shares at the time of purchase. Of the shares, 77,550 were transferred after the end of the financial year ended 31 January 2021.

## FINNISH TAXATION

*The following summary is based on the tax laws of Finland as in effect on the date of this Prospectus, and is subject to changes in Finnish law, including changes that could have a retroactive effect. The following summary does not take into account or discuss the tax laws of any country other than Finland and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Bonds.*

### **Finnish Resident Bondholders**

#### ***Individual***

If the recipient of interest paid on the Bonds is an individual (natural person) residing in Finland or an estate of a deceased Finnish individual, such interest is, when paid by the Issuer or securities dealer (*i.e.*, a Finnish financial institution making the payment), subject to an advance withholding tax in accordance with the Finnish Withholding Tax Act (*Ennakkoperintälaki* 1118/1996, as amended) and final taxation as capital income in accordance with the Finnish Income Tax Act (*Tuloverolaki* 1535/1992, as amended).

The Act on Source Tax on Interest Income (in Finnish: *Laki korkotulon lähdeverosta* 1341/1990, as amended) is not applicable to the Bonds.

The current withholding tax and capital income tax rate is 30 per cent. Should the amount of taxable capital income received by a resident natural person exceed EUR 30,000 in a calendar year, the capital income tax rate is 34 per cent on the amount that exceeds the EUR 30,000 threshold.

If Bonds are disposed of during the loan period, any capital gain as well as accrued interest received (secondary market compensation) is taxed as capital income. The Issuer or a securities dealer (*i.e.*, a Finnish financial institution making the payment) must deduct an advance withholding tax from the secondary market compensation paid to an individual (natural person) residing in Finland or an estate of a deceased Finnish individual.

An individual (natural person) residing in Finland or an estate of a deceased Finnish individual may deduct eventual capital losses from its taxable capital gains in the year of disposal and in the five subsequent calendar years.

If Bonds are acquired in the secondary market, any accrued interest paid (secondary market compensation) is deductible from the capital income or, to the extent exceeding capital income, from earned income subject to the limitations of the Finnish Income Tax Act.

The Issuer and the securities dealer (*i.e.*, a Finnish financial institution making the payment) will provide the Finnish tax authorities with information on secondary market compensations paid and received. Any secondary market compensation paid on and eventual capital gains or losses in respect of the Bonds shall be reported in the personal income tax return.

#### ***Corporate entity or partnership***

Interest paid to Finnish corporate entities (other than non-profit associations) as defined in the Finnish Income Tax Act, is deemed to be taxable income of the recipient of interest. Any gain or loss realized following a disposal of the Bonds will constitute taxable income or a tax deductible loss for the corporate entity Bondholder.

The Finnish corporate entities are as a general rule subject to final taxation in accordance with the Finnish Business Income Tax Act (in Finnish: *Laki elinkeinotulon verottamisesta* 360/1968, as amended). The current tax rate for corporate entities is 20 per cent.

Finnish partnerships are transparent for tax purposes and the taxable result of the partnership is allocated to be taxed at the hands of its partners in accordance with the tax rules applicable to them. Interest paid to a Finnish partnership as well as gain or loss realized following a disposal of the Bonds are taken into account when calculating taxable result of the partnership.

Interest paid to such Bondholders is not subject to any withholding tax.

#### **Non-Resident Bondholders (Individuals and Corporate Entities)**

Interest paid to an individual or a corporate entity who is non-resident in Finland for tax purposes is exempt from Finnish withholding tax in accordance with the Finnish Income Tax Act (*Tuloverolaki* 1535/1992, as amended) when the interest is paid on, *e.g.*, a bond.

Capital gain arising from the disposal of the Bonds is not subject to taxation in Finland for the non-resident Bondholder.

However, if the Bondholder not tax resident in Finland is engaged in trade or business through a permanent establishment in Finland and the Bonds are connected to such permanent establishment, the Bondholder is liable to pay income tax on all income attributable to that permanent establishment.

#### **Transfer Tax**

No Finnish transfer tax will be payable on a transfer of the Bonds.

## DOCUMENTS INCORPORATED BY REFERENCE

The documents listed below have been incorporated by reference to this Prospectus. The documents incorporated by reference are available at the Issuer's website [www.vesivek.fi/investors/](http://www.vesivek.fi/investors/):

- [Audited consolidated financial statements as at and for the financial year ended 31 January 2021, including Board of Directors' Report, pages 4 to 54;](#)
- [Auditor's report \(translation of the Finnish original\) for the financial year ended 31 January 2021;](#)
- [Audited consolidated financial statements as at and for the financial year ended 31 January 2020, including Board of Directors' Report, pages 4 to 50;](#) and
- [Auditor's report \(translation of the Finnish original\) for the financial year ended 31 January 2020.](#)

## DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION

In addition to the documents incorporated by reference, the Issuer's articles of association, the Terms and Conditions of the Bonds, the Agency Agreement and the Intercreditor Agreement may be inspected at the Investor's website at [www.vesivek.fi/investors/](http://www.vesivek.fi/investors/). In addition, the Finance Documents (as defined in the *Terms and Conditions of the Bonds*) are available for inspection at the head office of the Issuer and at the office of the Agent during their normal business hours.

The Issuer will publish its audited consolidated financial statements, its quarterly interim reports and other information as required by the Finnish Securities Market Act and the rules of Nasdaq Stockholm. Such information will be available on the Issuer's website at [www.vesivek.fi/investors/](http://www.vesivek.fi/investors/).

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