

HLRE Holding Group

Bulletin for Q4 and full year 1 February 2022 – 31 January 2023

Comparison figures in brackets refer to the corresponding period previous year.

Brief Look at November 2022 – January 2023

- Q4 revenue increased by 4% to EUR 28,4 million (EUR 27,2 Million).
- Q4 gross profit decreased to EUR 10,9 million (EUR 12,1 Million).
- Q4 adjusted EBITDA was EUR 0,2 million (EUR 1,6 million).
- Q4 net cash from operating activities was EUR -0,1 million (EUR -3,8 Million).

Brief Look at February 2022 – January 2023

- Q1-Q4 revenue was EUR 129,4 million (130,4 million).
- Gross profit decreased to EUR 52,3 million (55,3 million).
- Adjusted EBITDA decreased to EUR 10,8 million (13,8 million).
- Net cash from operating activities was EUR 4,7 million (7,3 million).

Key Figures

EUR Million	Nov 22 – Jan 23	Nov 21 – Jan 22	Feb 22 – Jan 23	Feb 21 – Jan 22
	Q4	Q4	Q1-Q4	Q1-Q4
Revenue	28,4	27,2	129,4	130,4
Gross profit	10,9	12,1	52,3	55,3
Gross margin,%	38,4 %	44,5 %	40,4 %	42,4 %
Adjusted EBITDA	0,2	1,6	10,8	13,8
EBIT	-1,7	-0,35	2,5	4,4
Net cash from operating activities	-0,1	-3,8	4,7	7,3

Company description

HLRE Holding Group (commonly known as Vesivek Group) is a leading provider of roof and roof product renovations offered primarily to detached and row houses in Finland and Sweden under the brand name Vesivek. In addition to roof and roof product installations, Vesivek provides underground drain renovations in five locations in Finland. The Group also develops, manufactures, and sells high quality rainwater systems and roof safety products.

HLRE Holding Group operated in January 2023 currently in 17 locations in Finland and three locations in Sweden and employs around 850 employees in average. The Group has two in-house manufacturing facilities in Finland, steel roofing profile production in Pirkkala and manufacture of rainwater systems and roof safety products in Orimattila.

Management Overview of the fourth quarter

Q4 financial performance in roof and rainwater systems installation and underground drain renovation businesses in Finland were below forecasted.

Group launched co-operation negotiations in Lohja unit in Finland in December 2022. The negotiations were completed on January 2023 resulting in closing down the roof sales and installation without delay continuing only with rainwater system and roof safety product sales and installations as a joint office of Nurmijärvi unit. This led to

termination of employment relationship of total seven persons. Also, Group announced beginning co-operation negotiations in Lahti unit in Finland in the beginning of January 2023. Co-operation negotiations completed on March 2023 leading termination of employment relationship of 12 persons no later than until the end of H12023. Lahti unit will continue only on rainwater system and roof safety product sales and installations as joint office of Kerava unit. The Group to stay in Lohja and Lahti areas is following the strategy to keep the nationwide service network.

Fourth quarter November 2022-January 2023

Q4 revenue increased by 4 % to EUR 28,4 Million (27,2 million). Due to short order backlog led inefficiency in roof installations and underground drain renovations and weaker gross profit being EUR 10,9 million (12,1 million).

Q4 reported EBITDA was EUR 0,2 million (1,5 million) and adjusted EBITDA EUR 0,2 million (1,6 million).

Q4 net cash from operating activities was EUR -0,1 million (-3,8 million). Main reason to improve compared to previous year was due to more effective management of working capital.

Full financial year February 2022 – January 2023

Q1-Q4 revenue was EUR 129,4 million, close to last financial year (130,4 million). Gross profit decreased to EUR 52,3 million (55,3 million).

Q1-Q4 reported EBITDA was EUR 10,2 million (12,2 million) and adjusted EBITDA was EUR 10,8 million (13,8 million). Reported adjustments totaled to EUR 0,6 million (EUR 1,6 million) in Q1-Q4 including legal and financial advisory costs for the bond listing to Stockholm stock exchange in February 2022 of EUR 0,15 million, other legal costs of EUR 0,2 million and a leadership development project cost of EUR 0,25 million. Impact of the adjustments to the operating cashflow in Q1-Q4 amounted to EUR 0,6 million (EUR 0,6 million).

Vesivek Salaojat Oy opened business in Oulu and Vaasa areas operating alongside the local Vesivek Oy units. As mentioned earlier, Vesivek Oy began co-operation negotiations in Lohja and Lahti units resulting close to 30 persons termination of employment relationship no later than until the end of H12023.

Q1-Q4 net cash from operating activities was 4,7 M€ (7,3 M€).

Outlook for the financial year 1 February 2023 – 31 January 2024

No outlook for the financial year 1 February 2023 – 31 January 2024.

Bond issue

In February 2021 HLRE Holding Oyj (formerly HLRE Holding Oy) issued a three-year senior secured bond in an amount of SEK 300 million (approximately EUR 30 million) which was used to refinance the previous senior bank debt and purchase of leased assets, as well as to finance the add-on acquisition of Vesivek Salaojat Oy, and general corporate purposes. The bullet bond matures on 12 February 2024 and carries interest at the rate of STIBOR 3 months plus a margin of 6,60 per cent per annum.

The bond terms and conditions include a possibility of subsequent bond issue at one or several occasions in maximum amount of SEK 100 million (approximately EUR 10 million) provided that the Group's leverage ratio is at a specified level.

The bond has been listed on the Open Market segment of the Frankfurt Stock Exchange since February 2021. On 8 February 2022 the bond was admitted to trading on the corporate bond segment of Nasdaq Stockholm with name HLRE Sen Sec FR SEK Bond 2024 and ISIN code SE0015530712.

Annual General Meeting 2022 and dividend proposal

The Board of Directors proposed to the Annual General Meeting no dividend payments from the annual period ended 31 January 2022. The Annual General Meeting decided on 28 April 2022 according to the proposal of the Board of Directors no dividend payments from the annual period ended 31 January 2022.

The Board of Directors proposed to the Annual General Meeting that legal form of Company is changed to public limited company.

Annual report 2022

The annual financial report 2022 will be released and available to the public no later than on a week 22.

Risks and uncertainties

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.

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, aluminium and wood) 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.

In general, the frequency of accidents at construction sites is worth noticing 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.

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. The Group issued a three-year senior secured bond in an amount of SEK 300 million (approximately EUR 30 million) in February 2021 including EUR 2 million Super Senior RCF maturing

6 months prior to the bond termination date. A failure by the Group to refinance the bond and the SSRCF, or obtaining financing on substantially less favourable terms, have an adverse effect on the Group's business, financial position and results.

For more information

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Condensed financial statements for the financial year ended 31 January 2023

Consolidated statement of comprehensive income				
1000 EUR	Nov 22 - Jan 23	Nov 21 - Jan 22	Feb 22 - Jan 23	Feb 21 - Jan 22
	Q4	Q4	Q1-Q4	Q1-Q4
REVENUE	28 416	27 194	129 455	130 352
Other operating income	185	318	1 064	1 063
Materials and services	-10 175	-8 583	-47 702	-45 375
Employee benefit expenses	-12 745	-11 556	-49 747	-50 257
Depreciation, amortisation and impairments	-1 993	-1 881	-7 757	-7 855
Other operating expenses	-5 416	-5 841	-22 844	-23 572
OPERATING PROFIT	-1 728	-349	2 469	4 356
Finance income	942	697	2 018	1 146
Finance costs	-1 451	-978	-4 450	-4 148
Finance costs - net	-509	-281	-2 432	-3 003
PROFIT/LOSS BEFORE TAX	-2 237	-630	36	1 353
Income tax expense	191	-207	-374	-663
PROFIT/LOSS FOR THE PERIOD	-2 045	-837	-338	691
Profit attributable to:				
Owners of the parent company	-1 872	-755	-458	623
Non-controlling interests	-173	-82	120	68
	-2 045	-837	-338	691
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Exchange rate differences on translating foreign operations	-67	-75	-147	-54
TOTAL COMPREHENSIVE INCOME	-2 112	-912	-484	637
Total comprehensive income attributable to:				
Owners of the parent company	-1 933	-823	-591	574
Non-controlling interests	-179	-89	107	63
	-2 112	-912	-484	637

Consolidated balance sheet

1000 EUR	31 Jan 2023	31 Jan 2022
ASSETS		
NON-CURRENT ASSETS		
Goodwill	40 304	40 304
Intangible assets	976	657
Property, plant and equipment	26 261	27 188
Other non-current financial assets	48	48
Non-current loan receivables	17	7
Other non-current receivables	0	26
Deferred tax assets	235	169
NON-CURRENT ASSETS	67 841	68 400
CURRENT ASSETS		
Inventories	15 756	15 464
Trade and other receivables	9 870	9 598
Loan receivables	53	63
Income tax receivables	158	198
Cash and cash equivalents	3 557	5 201
CURRENT ASSETS	29 394	30 524
ASSETS	97 235	98 923
EQUITY AND LIABILITIES		
Owners of the parent company		
Share capital	80	80
Reserve for invested unrestricted equity	18 002	18 002
Translation differences	-151	-17
Retained earnings	9 511	9 935
Owners of the parent company	27 442	28 000
Non-controlling interests	71	-37
EQUITY	27 512	27 963
NON-CURRENT LIABILITIES		
Borrowings and lease liabilities	50 349	51 197
Employee benefit obligation	427	422
Deferred tax liabilities	150	216
NON-CURRENT LIABILITIES	50 926	51 834
CURRENT LIABILITIES		
Borrowings and lease liabilities	4 742	4 633
Trade and other payables	12 433	13 528
Derivatives	1 461	484
Income tax liabilities	161	482
CURRENT LIABILITIES	18 797	19 126
Liabilities	69 722	70 960
EQUITY AND LIABILITIES	97 235	98 923

Consolidated statement of changes in equity
1000 EUR

	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated earnings	Total	Non-controlling interests	Total equity
EQUITY 1 Feb 2022	80	18002	-17	9935	28000	-37	27963
Comprehensive income							
Profit/loss for the period				-458	-458	120	-338
Other comprehensive income:							
Translation differences			-133		-133	-13	-147
TOTAL COMPREHENSIVE INCOME			-133	-458	-591	107	-484
Transactions with owners							
Acquisition of treasury shares							
Other changes				23	23	9	31
Total transactions with owners				23	23	9	31
Changes in ownership interests in subsidiaries							
Changes of non-controlling interests without change in control				10	10	-7	3
TOTAL EQUITY 31 Jan 2023	80	18002	-151	9510	27442	71	27512

1000 EUR

	Share capital	Reserve for invested unrestricted equity	Translation differences	Accumulated earnings	Total	Non-controlling interests	Total equity
EQUITY 1 Feb 2021	3	18079	32	9310	27423	93	27515
Comprehensive income							
Profit/loss for the period				623	623	68	691
Other comprehensive income:							
Translation differences			-49		-49	-5	-54
TOTAL COMPREHENSIVE INCOME			-49	623	574	63	637
Transactions with owners							
Acquisition of treasury shares							
Sale of treasury shares				-28	-28		-28
Reclassifications	78	-78		102	102		102
Other changes				-62	-62	-15	-77
Total transactions with owners	78	-78		11	11	-15	-3
Changes in ownership interests in subsidiaries							
Changes of non-controlling interests without change in control				-7	-7	1	-6
Changes with change in control			0	0	0	-180	-180
TOTAL EQUITY 31 Jan 2022	80	18002	-17	9935	28000	-37	27963

Consolidated cash flow statement**1000 EUR**

	Nov 22-Jan 23 Q4	Nov 21-Jan 22 Q4	Feb 22 – Jan 23 Q1-Q4	Feb 21 – Jan 22 Q1-Q4
Cash flows from operating activities				
PROFIT/LOSS FOR THE PERIOD	-2 046	-530	-338	691
Adjustments to the profit/loss for the period	2 333	2 078	10 517	12 566
Working capital changes	508	-4 073	-1 756	-2 357
Cash flow from operating activities before finance and taxes	795	-2 525	8 423	10 900
Finance income and expenses	-815	-1 045	-2 904	-2 881
Income taxes paid	-29	-215	-776	-687
Net cash from operating activities	-49	-3 785	4 743	7 332
Cash flows from investing activities				
Purchase of tangible and intangible assets	-542	-1 688	-1 987	-3 361
Proceeds from sale of tangible and intangible assets	-24	53	253	326
Acquisition of subsidiaries, net of cash acquired	0	194	0	0
Addition/deduction of loan receivables	-18	-282	-18	-27
Addition/deduction of cash equivalents	43	290	21	300
Net cash used in investing activities	-541	-1 433	-1 731	-2 762
Cash flows from financing activities				
Proceeds from share issue	0	0	0	0
Capital investment by non-controlling interests	0	0	0	0
Purchase of treasury shares	0	-28	0	-28
Proceeds from sale of treasury shares	0	0	9	78
Proceeds from current borrowings	0	0	0	0
Repayment of current borrowings	0	-3	-6	-25 820
Addition / deduction of current borrowings	7	8	0	8
Proceeds from non-current borrowings	73	264	283	29 045
Repayment of non-current borrowings	-1	12	0	29
Payment of lease liabilities	-1 274	-1 142	-4 942	-4 900
Net cash used in financing activities	-1 195	-889	-4 656	-1 588
Net change in cash and cash equivalents	-1 785	-6 107	-1 644	2 982
Cash and cash equivalents, opening amount	5 342	11 307	5 201	2 219
Net increase/decrease in cash and cash equivalents	-1 785	-6 107	-1 644	2 982
Effects of exchange rate fluctuations on cash held				
Cash and cash equivalents	3 557	5 201	3 557	5 201

Notes to the condensed consolidated financial statements

1) Reporting entity

These condensed consolidated interim financial statements are the financial statements of a group of companies comprised of HLRE Holding Oyj (formerly HLRE Holding Oy), a Finnish public limited liability company operating under the laws of Finland with business ID 2611405-7 (hereinafter referred to as "HLRE Holding", "the Company" or "the parent company") and its subsidiaries, which are jointly referred to as "HLRE", "HLRE Group" or "the Group". The parent company of the Group is domiciled in Pirkkala, and its registered address is Jasperintie 273, FI-33960 Pirkkala, Finland.

HLRE Group (commonly known as Vesivek Group) is a leading provider of roof and roof product renovations offered primarily to detached and row houses in Finland and Sweden under the brand name Vesivek. In addition to roof and roof product installations, Vesivek provides underground drain renovations in seven locations in Finland. The Group also develops, manufactures, and sells high quality rainwater systems and roof safety products.

2) Basis of preparation

This condensed interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's annual consolidated financial statements for the financial year ended 31 January 2023, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS and accordingly, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The accounting policies applied are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the financial year ended 31 January 2023.

The consolidated financial statements are presented as thousands of euros, unless otherwise specified, and the numbers are rounded off to the nearest thousand. Because of this, the sum of individual figures can deviate from the reported total.

This condensed interim report has not been reviewed by the Company's auditors.

3) Seasonality of operations

The Group operates in an industry that sees seasonal changes. In a typical year, the second and third quarter together amount major share of the Group's full-year EBITDA.

Management has reacted to seasonal changes in customer volumes and demand for roof, roof product and underground drain renovations through workforce adjustment and temporary layoffs of installation personnel in some units in Finland.

4) Segment information and revenue

The Board of Directors of HLRE Holding is the Group's chief operating decision maker, and operating segments have been specified based on the information reviewed by the Board of Directors in order to allocate resources and assess the profitability of business operations. The Board of Directors manages the HLRE Group as a single integrated business aggregate, and therefore HLRE has a single operating and reportable segment.

The revenue of the HLRE Holding Group is primarily generated by roofing, roof product and underground drain renovations for single-family homes and housing companies pursuant to the service concept developed by the Company, as well as project and direct sales of rainwater systems and roof safety products. The entire service chain – product development, manufacturing, sales and installation – is managed in-house by the Group.

The HLRE Holding Group is operating in Finland and Sweden. Small-scale out of total Q1-Q4 revenue was generated by direct sales of rainwater systems and roof safety products from Vesivek Tuotteet Oy in Finland to Baltic countries and Sweden. The Swedish turnover was generated by roofing and roof product installations and small-scale by direct sales of rainwater systems and roof safety products:

Breakdown of revenue by country				
1000 EUR	Nov 22 – Jan 23	Nov 21 – Jan 22	Feb 22 – Jan 23	Feb 21 – Jan 22
	Q4	Q4	Q1-Q4	Q1-Q4
Finland	23788	22940	107387	109672
Sweden	4489	4124	21389	20055
Baltic countries and Russia	142	130	679	625
Total	28419	27194	129455	130352

5) Business Combinations

In February 2021, the Group acquired a 71.63% holding in Salaojakympit Oy in a related party transaction (see note 7). Salaojakympit Oy was renamed as Vesivek Salaojat Oy. Vesivek Salaojat Oy is a company engaged in installing underground drains in Finland.

The purchase price for the 71.63% share was EUR 406 thousand and fully paid in cash at the acquisition date. The fair value of the net assets acquired was negative EUR -461 thousand and HLRE Group recognised a goodwill of EUR 867 thousand, which was allocated to cash-generating unit Installation of roof and rainwater systems in Finland. Goodwill is considered to comprise of the acquired skilled employees, market position and synergies expected to arise after the acquisition.

The Group recognized a non-controlling interest of EUR-182,3 thousands at the proportionate share of the acquiree's net identifiable assets.

Acquisition-related costs have been recognized as expenses in the consolidated statement of comprehensive income.

6) Financial liabilities

In February 2021, the Company rearranged its financing, and issued a secured three-year SEK 300 million bond that includes an option of increasing the total loan, when separately agreed conditions are met, by a maximum total of SEK 100 million to a maximum total of SEK 400 million in one or more tranches. The bond is a non-amortizing bullet loan that matures on 12 February 2024 and carries interest at the rate of STIBOR 3 months plus a margin of 6,60 per cent per annum.

The bond involves a leverage covenant (ratio of net debt to EBITDA). The covenant should be equal to or less than 5.00/4.50/4.00 for the first/second/third year from the original issue date of the bond (12 February 2021).

The issuance of additional bonds requires that the Group's ratio of net debt to EBITDA does not exceed 3.00/2.75/2.50 one/two/three years after the original issue of the bond.

The Group complied with the leverage covenant throughout the reporting period. As at 31 January 2023, the leverage ratio was 3,35.

The bond has been listed on the Open Market segment of the Frankfurt Stock Exchange since February 2021. On 8 February 2022 the bond was admitted to trading on the corporate bond segment of Nasdaq Stockholm.

Maturities of contracts of financial liabilities 31 January 2023**1000 EUR**

	No more than 12 months	Over 1 year and no more than 2 years	Over 2 years and no more than 5 years	Over 5 years	Total	Book value
Trade payables	5 431				5 431	5 431
Lease liabilities	5 013	3 883	4 593	414	13 904	13 387
Bonds	2 547	26 520			29 067	26 143
Shareholder loans		15 976			15 976	15 308
Derivatives					0	1 461

Maturities of contracts of financial liabilities 31 January 2022**1000 EUR**

	No more than 12 months	Over 1 year and no more than 2 years	Over 2 years and no more than 5 years	Over 5 years	Total	Book value
Trade payables	7 468	2			7 470	7 470
Lease liabilities	4 887	4 330	3 898	323	13 438	12 909
Bonds	1 888	1 888	29 077		32 853	28 000
Shareholder loans			15 964		15 964	14 648
Derivatives					0	484

7) Fair values and carrying amounts of financial instruments

Fair values and carrying amounts of financial instruments are as follows:

1000 EUR	Fair value hierarchy level	31 Jan 2023		31 Jan 2022	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities					
Loans from financial institutions	2	0	0	0	0
Bonds	2	26143	25702	28 000	28 359
Shareholder loans	2	15308	15045	14 648	14 189
Derivatives	2	1461	1461	484	484

The fair values of financial instruments are classified in accordance with the following fair value hierarchy: instruments for which there is a publicly quoted price in an active market (level 1), instruments for which there is another observable direct or indirect price than a quoted price pursuant to level 1 (level 2) and instruments for which there is no observable market price (level 3).

The fair values of loans from financial institutions are based on discounted cash flows. Fair values of the bonds are based on observable market prices.

Carrying amounts of trade receivables, trade payables and cash and cash equivalents are a reasonable approximation of their fair values.

8) Commitments and contingent liabilities

The following shares have been pledged as collateral for the bond and overdraft facility: HLRE Group Oy, Vesivek Oy, Vesivek Sverige AB and Vesivek Tuotteet Oy (former Nesco Oy).

Furthermore, the following internal loans have been pledged as collateral for the bond agreement:

Loan granted by HLRE Holding Oyj to HLRE Group Oy totaling EUR 11,996,333
 Loan granted by HLRE Holding Oyj to Vesivek Oy totaling EUR 1,442,609
 Loan granted by HLRE Holding Oyj to Nesco Invest Oy totaling EUR 8,446.71
 Loan granted by HLRE Holding Oyj to Vesivek Tuotteet Oy (former Nesco Oy) totaling EUR 4,510,442

The following business mortgages have been confirmed and pledged as collateral for the bond and overdraft facility.

HLRE Group Oy EUR 57,200 thousand
 Vesivek Oy EUR 57,200 thousand
 Nesco Invest Oy EUR 57,200 thousand
 Vesivek Tuotteet Oy (former Nesco Oy) EUR 57,200 thousand
 Vesivek Sverige AB SEK 20,000 thousand

The following real estate mortgages have been pledged as collateral for the bond and overdraft facility:

Vesivek Tuotteet Oy(former Nesco Oy) Orimattila production plant EUR 13,673 thousand
 Vesivek Oy industrial hall in Lieto EUR 46,800 thousand

9) Related party transactions

The related parties of the HLRE Group include the Group's parent company and subsidiaries. The related parties also include the members of the Board of Directors and Group management team, any deputy members and secretary, the CEO and Deputy CEO, their close family members and their controlled entities.

Related party transactions are treated in accordance with the related party guideline approved by the Board of Directors of HLRE Holding Oyj. The Company's Board of Directors always decides on significant transactions with HLRE Holding Oyj and its related parties.

The following transactions have been realized with related parties:

1000 EUR		
With entities controlled by key management	31 Jan 2023	31 Jan 2022
Sales of goods and services		52
Purchases of goods and services	484	190
Repayment of lease liability	710	1289
Interest expense on lease liability	39	76
Loan receivables		
Trade receivables		
Interest receivables		
Trade payables	1	4
With shareholders and key management	31 Jan 2023	31 Jan 2022
Loan receivables		
Non-current liabilities	10789	10789
Interest liabilities	4388	3832
Interest costs	647	647

In February 2021, the Group company Vesivek Oy acquired a 71.63% holding in Salaojakympit Oy (later renamed as Vesivek Salaojat Oy) from the Group's CEO at a purchase price of EUR 406 thousand, and fully paid in cash at acquisition date. Further information about the acquisition is provided in note 5.

10) Events after the reporting date

Vesivek Oy in Finland announced on 7th of February 2023 about to begin the co-operation negotiations with the workforce in Vesivek Oy Lahti unit in Finland. The negotiations were concluded in the beginning of March 2023 resulting in personnel reductions amounting total 12 man-years. Company will continue in Lahti area only with rainwater systems and roof safety product sales and installations utilizing the premises of Vesivek Tuotteet Oy in Orimattila.

Parent company's condensed income statement*

1000 EUR	Nov 22– Jan 23	Feb 22 – Jan 23	Nov 21 – Jan 22	Feb 21 – Jan 22
	Q4	Q1-Q4	Q4	Q1-Q4
TURNOVER	59	325	139	472
Personnel costs	-15	-148	-26	-185
Depreciation, amortisation and impairment	-6	-24	-6	-24
Other operating expenses	-27	-153	-127	-284
OPERATING PROFIT/LOSS	11	0	-20	-21
Financial income and expenses	848	1863	1506	19
PROFIT/LOSS BEFORE TAX	859	1863	1486	-2
Group subsidy	-1500	-1500		
Income taxes	129	-72	0	0
PROFIT/LOSS FOR THE PERIOD	-512	291	1486	-2

Parent company's condensed balance sheet*

1000 EUR	31 Jan 23	31 Jan 22	31 Jan 21
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	22	46	70
Investments	19 802	19 802	19 802
	19 824	19 848	19 872
CURRENT ASSETS			
Non-current receivables	33 888	33 888	7 700
Current receivables	9 521	9 034	5 642
Cash and cash equivalents	36	61	141
	43 444	42 983	13 483
ASSETS	63 269	62 832	33 354
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	80	80	3
Other reserves	18 002	18 002	18 079
Retained earnings	990	992	836
Profit or loss for the financial year	291	-2	106
SHAREHOLDERS' EQUITY	19 363	19 072	19 024
LIABILITIES			
Non-current liabilities	37 226	39 390	14 265
Current liabilities	6 681	4 370	65
LIABILITIES	43 906	43 760	14 330
SHAREHOLDERS' EQUITY AND LIABILITIES	63 269	62 832	33 354

*Parent company's figures are presented according to the Finnish Accounting Standards

Use of Alternative Performance Measures

Alternative Performance Measures (APM) are financial measures of historical or future financial performance, financial position, or cash flows, other than financial measures defined or specified in the applicable financial reporting framework. HLRE Group reports the financial measures [Gross profit], [Gross margin] and [Adjusted EBITDA] in its quarterly reports which are not financial measures as defined in IFRS. The Group believes that the alternative performance measures provide significant additional information on HLRE's results of operations, financial position and cash flows. The APMs are used consistently over time and accompanied by comparatives for the previous periods.

Gross profit = Revenues – cost of goods sold

Gross margin (%) = Gross profit in relation to Revenue

EBITDA = Operating profit (EBIT) + Depreciation + Amortization

EBITDA % = EBITDA in relation to Revenue

Adjusted EBITDA = EBITDA - EBITDA Adjustments

Adjusted EBITDA % = (EBITDA - EBITDA Adjustments) / Revenue

Operating profit (EBIT) % = Operating profit in relation to Revenue

EBITDA adjustments = Advisory and other transaction costs related to re-financing and other non-recurring costs