

## Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of HLRE Holding Oyj

### Report on the Audit of the Financial Statements

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#### Opinion

In our opinion

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

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

#### What we have audited

We have audited the financial statements of HLRE Holding Oyj (business identity code 2611405-7) for the year ended 31 January 2023. The financial statements comprise:

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

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#### Basis for Opinion

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

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

#### Independence

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

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

## Material uncertainties related to going concern

We draw attention to note 1. Accounting principles of the consolidated financial statements to section Business continuity and note 17. Management of financial risks to section Liquidity risk, to the note Business continuity to the parent company's financial statements, as well as to section Business continuity in Report of the Board of Directors, where it is stated that the company's current liquid assets and forecasted cash flow from operating activities are insufficient to cover the repayment of the SEK 300 million bond due in February 2024 without additional funding.

As stated in note 1 Accounting principles of the consolidated financial statements under Business continuity and in note 17. Management of financial risks under Liquidity risk, in the note Business continuity to the parent company's financial statements, as well as in section Business continuity in Report of the Board of Directors, there are no binding decisions on additional funding by the date of approval of the financial statements, the adequacy of funding constitutes an essential uncertainty factor, which may give significant reason to doubt the parent company's and the group's ability to continue its operations.

## Our Audit Approach

### Overview

	<ul style="list-style-type: none"> <li>Overall group materiality: EUR 1 300 000</li> </ul>
	<ul style="list-style-type: none"> <li>Audit scope: We have audited parent company and its subsidiaries in Finland and in Sweden</li> </ul>
	<ul style="list-style-type: none"> <li>Going concern (group and parent company)</li> <li>Valuation of goodwill</li> </ul>

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

### Materiality

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

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

<b>Overall group materiality</b>	EUR 1 300 000
<b>How we determined it</b>	1% of net sales
<b>Rationale for the materiality benchmark applied</b>	We chose net sales as the benchmark as we considered that this provides us with a consistent year-on-year basis for determining materiality. It is also a generally accepted benchmark

### How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Our audit procedures covered all significant components of the group. The audit of the consolidated financial statements was focused on the most significant locations in Finland and Sweden, where we performed an audit based on the size of the companies and the characteristics of the risks. In other group companies we have performed analytical audit procedures to mitigate the risk of material misstatements in the consolidated financial statements.

### Key Audit Matters

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

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

Key audit matter in the audit of the group	How our audit addressed the key audit matter
<p><b>Valuation of goodwill</b></p> <p><i>Refer to notes 2 Management discretion and sources of uncertainty and 9 Goodwill and other intangible assets, including impairment testing</i></p> <p>At 31 January 2023 the Group's goodwill balance amounted to EUR 40,3 million. As such, goodwill represents about 42% of total assets in the balance sheet. Goodwill is allocated to the cash-generating units.</p> <p>Goodwill is not amortized but is tested at least annually for impairment. Determining the cash flow forecasts underlying the impairment tests requires management make judgments over certain key inputs, for example revenue growth rate, profitability, discount rate and longterm growth rate.</p> <p>Due to high level of judgement related to the forecasts used, and the significant carrying amounts</p>	<p>Our audit focused on assessing the appropriateness of management's judgement and estimates used in the impairment analysis through the following procedures:</p> <ul style="list-style-type: none"> <li>- We tested the methodology applied in the value in use calculation by comparing it to the requirements of IAS 36, Impairment of Assets, and we tested the mathematical accuracy of calculations;</li> <li>- We evaluated the process by which the future cash flow forecasts were drawn up, including comparing them to the budget approved by the Board of Directors;</li> <li>- We assessed the reasonableness of the forecasts used by the management, for example in terms of sales growth and profitability development, by comparing the actual results for the year with the original</li> </ul>

Key audit matter in the audit of the group	How our audit addressed the key audit matter
involved, goodwill impairment assessment is considered a key audit matter.	<p>forecasts and predicted development with external sources and our own views.</p> <ul style="list-style-type: none"> <li>- We considered whether the discount rates applied within the model and the sensitivity analysis performed by the management around key assumptions of the cash flow forecast were appropriate; and</li> <li>- We also considered the appropriateness of the related disclosures provided in note 9 in the financial statements.</li> </ul>
<p>In addition to the matter described in the material uncertainties related to going concern section, we have no other key audit matters to report with respect to our audit of the parent company financial statements.</p>	
<p>There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.</p>	

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Reporting Requirements

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### Appointment

We were first appointed as auditors by the annual general meeting on 29 March 2018. Our appointment represents a total period of uninterrupted engagement of 5 years. HLRE Holding Oyj became a public interest entity on 8 February 2022.

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### Other Information

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

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

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

In our opinion

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

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

Tampere 2 May 2023

**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

Markku Launis  
Authorised Public Accountant (KHT)