

# HLRE Holding Group

## Interim Report 1 February – 30 April 2025

Figures in the parentheses refer to the corresponding period of the previous year.

### February – April 2025 in Brief

- Q1 revenue increased by 6 % to EUR 21.7 EUR million (EUR 20.5 million).
- Q1 gross profit increased to EUR 8.9 million (EUR 8.7 million).
- Q1 adjusted EBITDA was EUR -0.1 million (EUR 0.3 million).
- Q1 net cash from operating activities was EUR 0.5 million (EUR -3.1 million).

### Key Figures

HLRE HOLDING GROUP	Feb-Apr 25	Feb-Apr 24	Feb 24-Jan 25
EUR Million	Q1	Q1	Q1-Q4
Revenue	21.7	20.5	102.9
Gross profit	8.9	8.7	39.7
Gross margin,%	40.7 %	42.3 %	38.6 %
Adjusted EBITDA *	-0.1	0.3	1.8
EBIT	-1.8	-1.5	-5.1
Net cash from operating activities	0.5	-3.1	0.1

\*Adjusted EBITDA for the period of Q1 February 24 - April 24 has been revised to EUR 0.3 million (previously reported EUR 0.6 million) and Q1-Q4 February 24 – January 25 has been revised to EUR 1,8 million (previously reported EUR 2,2 million). The Group received one-off compensation for leasing agreements in the last financial year, which has not previously recorded as an extra ordinary item.

### Company Description

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

HLRE Holding Group operates in 14 locations in Finland and three locations in Sweden and employing an average of approximately 700 employees. The Group has two production facilities in Finland, steel roofing profile production in Pirkkala and the production of rainwater systems and roof safety products in Orimattila.

### Management Overview of the First Quarter

The Group's revenue and gross profit improved in the first quarter compared to the reference period. We achieved growth in all business areas. However, investments in revenue growth were reflected in increased fixed personnel costs and other fixed operating expenses, which affected the decline in comparable EBITDA with EUR 0.4 million.

Despite revenue growth, sales volumes remained low in the first quarter, particularly in the Finnish business areas. Q1 results fell short of our forecast and we expect revenue to grow more significantly during the rest of the financial year 2026.

The Group's organizational efficiency measures continued during the first quarter. Negotiations regarding possible layoffs of up to 90 days were concluded in the companies of the HLRE Holding Group in December

2024. During the negotiations, the rationale, impacts, and potential alternatives to the planned measures discussed in a spirit of cooperation. The allocation, number, and timing of the layoffs were based on separate plans as a result of a temporary reduction in the need for work, applying to the period from January 1, 2025, to April 30, 2025.

#### Q1 February - April 2025

Q1 revenue increased by 6 % to EUR 21.7 million (20.5 million). Revenue grew in all business areas of the Group. Gross profit was EUR 8.9 million (8.7 million).

Q1 reported EBITDA was EUR -0.2 million (0.3 million) and adjusted EBITDA EUR -0.1 million (0.3 million). The decline in adjusted EBITDA despite revenue growth was due to higher fixed personnel and administrative expenses compared to the previous year.

The reported one-off item for Q1 February – April 2025 concern fire accident expenses (EUR 0.04 million) in Swedish operations. Insurance compensation for the accident will be received later in 2025.

Q1 operating cash flow was EUR 0.5 million (-3.1 million). Cash flow increased due to the positive changes in working capital and lower net financial items. The change in cash and cash equivalents was EUR -1.0 million due to payments of lease liability and short-term loans of EUR 1.5 million.

#### Risks and Business Continuity

The Interim Report for the period of February 25 – April 25 has been prepared based on the going concern principle, assuming that the Company will have positive operating cash flow enough to be able to take care of its obligations as part of normal business operations in the foreseeable future.

The Group's revenue and operating profit are affected by the general economic situation, which in turn is influenced by many factors beyond the Group's control. The Group currently operates in Finland and Sweden. Currently, most of the Group's operations are located in Finland, but growth in both markets, for example, through market share expansion and/or the expansion of the Group's product and service offerings, is an important factor in achieving the Group's strategic objectives. Accordingly, the Group's revenue and operating profit are particularly sensitive to general economic conditions and perceptions of future general economic situation in the Finnish and Swedish markets.

Uncertainty or adverse developments in the general economic situation may affect the Group's business and demand for the Group's products and services, among other things, by affecting consumer confidence and adversely affecting the business of the Group's corporate customers who purchase the Group's rainwater systems and roof safety products. It is important to note that the general economic situation 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. In addition, rising financing costs and a decrease in the level of available financing may adversely affect the Group's ability to make investments and achieve its strategic objectives, as well as adversely effect on the Group's business, financial position and results. Through its manufacturing operations, the Group is furthermore exposed to fluctuations in certain commodity prices (such as steel, aluminum and wood) and energy prices (especially through fuel costs for vehicles) and price increases due to economic disruptions and changes in general market conditions may adversely affect the Group's business, financial position and results. All the above factors may harm the Group's operations, and the Group cannot anticipate how the future economic environment and market conditions may affect the Group's operations.

In general, the frequency of accidents at construction sites is noteworthy and the Group operates in a business segment subject to extensive laws and regulations regarding the work environment. Despite the required health and safety measures and, for example, the use of scaffolding to improve employee safety on construction sites, the Group is exposed to potentially fatal accidents at workplaces, particularly on roofing renovation sites, but also at its production facilities. In addition to physical injuries, the Group's employees are exposed to risks related to hazardous substances, as some of the Group's renovation sites contain asbestos. Respectively, the Group must also comply with specific environmental regulations with respect to asbestos. Finnish legislation has particularly strict requirements for any activities involving asbestos and the safety requirements for such activities. 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. In addition, any potential accidents and health impacts adversely affect employee

well-being. The Group as an employer is exposed to risks related to health and safety issues of its employees, which may lead to a decrease in employees' ability to work.

The Group's management has prepared financial forecasts for revenue, expenses and investments, taking into account the refinancing of the bond and extensive efficiency measures. In assessing the going concern assumption, management believes that the company's current liquid funds and projected operating cash flows will be sufficient to cover its liabilities and obligations arising from its operations for at least 12 months, so the interim financial statements have been prepared on a going concern basis. The forecasts assume a moderate positive turn in the markets. In addition, the Group's management has taken measures to improve the cash position by, for example, switching to the use of consignment stock for steel products.

Due to general economic uncertainty, industry cyclicality, and the short time horizon of the order book, forecasting involves a higher degree of judgment than usual. If the business does not develop as forecasted, there is a risk of liquidity being compromised and covenants being breached, which may raise significant doubts about the Group's ability to continue as a going concern. Such factors would also affect the valuation of Group's goodwill and the shares and receivables of the parent company's subsidiaries in the balance sheet.

#### Additional information

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#### Consolidated Statement of Comprehensive Income

1000 EUR	1.2.2025-30.4.2025	1.2.2024-30.4.2024	1.2.2024-31.1.2025
<b>REVENUE</b>	<b>21 866</b>	<b>20 547</b>	<b>102 929</b>
Other operating income	151	643	997
Material and services	-7 064	-7 116	-39 350
Employee benefits expense	-10 351	-9 390	-43 459
Depreciation and amortisation	-1 668	-1 830	-6 937
Other operating expenses	-4 774	-4 399	-19 232
<b>OPERATING PROFIT</b>	<b>-1 840</b>	<b>-1 545</b>	<b>-5 052</b>
Finance income	23	1 193	551
Finance expense	-2 415	-1 259	-5 129
Finance income and expense	<b>-2 393</b>	<b>-66</b>	<b>-4 579</b>
<b>PROFIT/LOSS BEFORE TAX</b>	<b>-4 232</b>	<b>-1 611</b>	<b>-9 630</b>
Income tax	766	243	1 284
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-3 466</b>	<b>-1 367</b>	<b>-8 347</b>
<b>Profit attributable to:</b>			
Owners of the parent company	-3 434	-1 253	-7 932
Non-controlling interests	-32	-115	-414
	<b>-3 466</b>	<b>-1 367</b>	<b>-8 347</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations	85	-79	-33
	<b>85</b>	<b>-79</b>	<b>-33</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-3 381</b>	<b>-1 447</b>	<b>-8 380</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent company	-3 357	-1 325	-7 963
Non-controlling interests	-24	-121	-417
	<b>-3 381</b>	<b>-1 447</b>	<b>-8 380</b>

# Consolidated Statement of Financial Position

1000 EUR	30.4.2025	30.4.2024	31.1.2025
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	588	651	629
Goodwill	35 273	35 273	35 273
Tangible assets	8 954	10 775	22 694
Tangible assets- right-of-use	12 430	14 334	0
Other non-current financial assets	48	48	48
Non-current loan receivables	4	10	5
Deferred tax assets	4 034	2 195	3 334
<b>NON-CURRENT ASSETS</b>	<b>61 330</b>	<b>63 286</b>	<b>61 982</b>
<b>CURRENT ASSETS</b>			
Inventories	11 627	13 274	11 228
Trade and other receivables	8 937	8 084	6 618
Loan receivables	46	51	47
Tax Receivable, income tax	335	831	724
Cash and cash equivalents	1 493	2 423	2 498
<b>CURRENT ASSETS</b>	<b>22 438</b>	<b>24 663</b>	<b>21 115</b>
<b>ASSETS</b>	<b>83 768</b>	<b>87 949</b>	<b>83 097</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Owners of the parent company</b>			
Share capital	80	80	80
Unrestricted equity reserve	18 002	18 002	18 002
Translation differences	-93	-211	-168
Retained earnings	-15 118	-4 858	-11 607
<b>Owners of the parent company</b>	<b>2 871</b>	<b>13 013</b>	<b>6 307</b>
<b>Non-controlling interests</b>	<b>-482</b>	<b>-213</b>	<b>-458</b>
<b>EQUITY</b>	<b>2 389</b>	<b>12 801</b>	<b>5 849</b>
<b>NON-CURRENT LIABILITIES</b>			
Finance and lease liabilities	59 399	54 427	55 817
Employee benefit obligation	374	400	374
Deferred tax liabilities	84	101	74
<b>NON-CURRENT LIABILITIES</b>	<b>59 857</b>	<b>54 929</b>	<b>56 264</b>
<b>CURRENT LIABILITIES</b>			
Finance and lease liabilities	4 948	5 411	5 299
Other current liabilities	16 525	14 672	15 627
Derivatives	0	0	0
Tax liability, income tax	49	137	59
<b>CURRENT LIABILITIES</b>	<b>21 522</b>	<b>20 219</b>	<b>20 984</b>
<b>Liabilities</b>	<b>81 379</b>	<b>75 148</b>	<b>77 249</b>
<b>EQUITY AND LIABILITIES</b>	<b>83 768</b>	<b>87 949</b>	<b>83 097</b>

## Consolidated Statement of Cash Flows

1000 EUR	1.2.2025-30.4.2025	1.2.2024-30.4.2024	1.2.2024-31.1.2025
<b>Cash flows from operating activities</b>			
PROFIT (LOSS) FOR THE PERIOD	-3 466	-1 367	-8 347
Adjustments to the profit/loss for the period			
Depreciation, amortisation and impairment	1 668	1 830	6 937
Financial income and expenses	1 185	1 175	4 995
Tax on income from operations	-766	-243	-1 284
Other adjustments	1 179	-1 392	-546
Adjustments total	3 266	1 369	10 102
Working capital change			
Increase (decrease) in inventories	-320	-524	1 569
Increase / decrease in trade and other receivables	-2 259	-1 888	-465
Increase / decrease in trade payables	3 215	2 169	1 478
Interest paid	-333	-379	-1 628
Interest received	12	43	155
Other financial items	-11	-2 369	-2 477
Income taxes paid	389	-146	-239
<b>Net cash from operating activities</b>	<b>493</b>	<b>-3 091</b>	<b>148</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible and intangible assets	-137	-84	-614
Proceeds from sale of tangible and intangible assets	43	48	412
Acquisition of subsidiaries, net of cash acquired	0	0	-2
Loans granted	0	-1	-1
Proceeds from repayments of loans	3	4	13
Addition (deduction) of cash equivalents	4	-12	0
<b>Net cash used in investing activities</b>	<b>-87</b>	<b>-45</b>	<b>-191</b>
<b>Cash flows from financing activities</b>			
Purchase of treasury shares	0	-5	0
Proceeds from current borrowings	0	976	976
Proceeds from non-current borrowings	0	3 000	3 066
Payment of short term loans	-325	0	0
Payment of lease liabilities	-1 130	-987	-4 074
<b>Net cash used in financing activities</b>	<b>-1 456</b>	<b>2 984</b>	<b>-32</b>
<b>Net change in cash and cash equivalents</b>	<b>-1 048</b>	<b>-152</b>	<b>-75</b>
Cash and cash equivalents at beginning of period	2 498	2 574	2 574
Net Increase (decrease) in cash and cash equivalents	-1 048	-152	-75
Rate difference, Cash and cash equivalents, average rate	43	0	-2
Cash and cash equivalents	1 493	2 423	2 498

## Consolidated Statement of Changes in Equity

1000 EUR	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Unrestricted equity reserve	Translation differences	Kertyneet voittovarat	Total		
<b>EQUITY 1.2.2024</b>	18	80	18 002	-138	-3 600	14 343	-91	14 252
<b>Comprehensive income</b>								
Profit (loss) for the period					-1 253	-1 253	-115	-1 367
Other comprehensive income:								
Translation differences		0	0	-72	0	-72	-7	-79
<b>TOTAL COMPREHENSIVE INCOME</b>		0	0	-72	-1 253	-1 325	-121	-1 447
<b>Transactions with owners</b>								
Treasury shares, Acquisition		0	0	0	-5	-5	0	-5
<b>Total transactions with owners</b>		0	0	0	-5	-5	0	-5
<b>TOTAL EQUITY 30.4.2024</b>		80	18 002	-211	-4 858	13 013	-213	12 801

1000 EUR	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Unrestricted equity reserve	Translation differences	Kertyneet voittovarat	Total		
<b>EQUITY 1.2.2025</b>	18	80	18 002	-170	-11 683	6 229	-458	5 771
<b>Comprehensive income</b>								
Profit (loss) for the period					-3 434	-3 434	-32	-3 466
Other comprehensive income:								
Translation differences		0	0	77	0	77	8	85
<b>TOTAL COMPREHENSIVE INCOME</b>		0	0	77	-3 434	-3 357	-24	-3 381
Earnings, Other changes		0	0	0	0	0	0	0
<b>Change in ownership interests in subsidiaries</b>								
Change in ownership interest without loss of control					0	0	0	0
<b>TOTAL EQUITY 30.4.2025</b>		80	18 002	-93	-15 118	2 871	-482	2 389

## Notes to the Consolidated Financial Statements

### 1. Reporting entity

This consolidated interim financial statement is the financial statement for the Group, which consists of a Finnish public limited company operating under Finnish law, with business ID 2611405-7 (hereinafter "HLRE Holding", "Company", or "parent company") and its subsidiaries, collectively referred to as "HLRE", "HLRE Group" or "Group". The parent company's domicile is Pirkkala, and its registered address is Jasperintie 273, FI-33960 Pirkkala, Finland.

### 2. Basis of preparation

These 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 January 31, 2025.

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.

The company's auditors have not reviewed this Interim Report.

The management has assessed the Company's ability to continue its operations as a going concern for the foreseeable future. In making this assessment, the Company's management has prepared forecasts for revenues, operating costs, and investments for the next twelve months. The forecasts are based on the assumption that the extensive structural reorganization carried out in Finland in 2024 and continuing in Q1 2025 has aligned the organization with demand.

As of 30 April 2025, the Company's cash and cash equivalents amounted to EUR 1.5 million. The management believes that the current cash balance is adequate to cover the Company's operational costs and investment plans for the next twelve months.

Looking ahead, the Company anticipates the improved profitability and cash flow for the next quarter. Despite the inherent uncertainties, the management remains confident in the Company's ability to navigate challenges and capitalize on opportunities.

Taking into account the aforementioned factors and considerations, the financial statements have been prepared on a going concern basis. The management will continue to closely monitor the Company's financial performance and adapt its strategies as necessary to ensure long-term sustainability and growth.

### **3. Seasonality of operations**

The Group operates in an industry that sees seasonal changes. In a typical year, the second and third quarter together constitute a 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 and white-collar personnel in units in Finland and Group services.

### **4. 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. 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 = One-offs regarding restructuring costs and other non-recurring costs