HLRE Holding Group

Bulletin for Q4 and full year 1 February 2024 – 31 January 2025

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

Brief Look at November 2024 – January 2025

- Q4 revenue increased by 16% to EUR 23,6 EUR million (EUR 20,3 Million).
- Q4 gross profit increased to EUR 8,1 million (EUR 7,4 Million).
- Q4 adjusted EBITDA was EUR -2,8 million (EUR -3,2 million).
- Q4 net cash from operating activities was EUR -1,5 million (EUR -6,2 Million).

Brief Look at February 2024 – January 2025

- Q1-Q4 revenue decreased by 5% to EUR 102,9 EUR million (EUR 108,2 Million).
- Q1-Q4 gross profit decreased to EUR 39,7 million (EUR 42,6 Million).
- Q1-Q4 adjusted EBITDA decreased to EUR 2,2 million (EUR 3,8 Million).
- Q1-Q4 net cash from operating activities was EUR 0,1 million (EUR 4,3 Million).

Key Figures

HLRE HOLDING GROUP EUR Million	Nov 24-Jan 25 Q4	Nov 23-Jan 24 Q4	Feb 24-Jan 25 Q1-Q4	Feb 23-Jan 24 Q1-Q4
Revenue	23,6	20,3	102,9	108,2
Gross profit	8,1	7,4	39,7	42,6
Gross margin,%	34,3 %	36,5 %	38,6 %	39,4 %
Adjusted EBITDA	-2,8	-3,2	2,2	3,8
EBIT	-4,5	-10,9	-5,1	-10,7
Net cash from operating activities	-1,5	-6,2	0,1	4,3

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 eight locations in Finland. The Group also develops, manufactures, and sells high quality rainwater systems and roof safety products.

HLRE Holding Group operated in 14 locations in Finland and three locations in Sweden in January 2025 and employs around 740 employees currently on 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 all business areas in Finland and Sweden were challenging and below forecasted. Due to lower sales volumes than expected, HLRE Group Ltd, Vesivek Ltd, Vesivek Salaojat Ltd and Vesivek Tuotteet Ltd. initiated change negotiations at the end of November regarding potential temporary layoffs of less than 90 days, affecting all employees of the group companies except for the payroll function within HLRE Group Ltd.

The purpose of the change negotiations was to address proposed temporary adjustment measures and their potential personnel implications. These measures were introduced in response to anticipated seasonal fluctuations that could lead to a decline in volume and to ensure financial profitability during the Q4 and Q1 periods.

The change negotiations concerning potential lay-offs of up to 90 days concluded within the HLRE Holding Group companies in December 2024. During the change negotiations, the rationale, impacts, and potential alternatives to the planned measures were discussed in a spirit of cooperation. The allocation, number, and timing of the layoffs specified 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.

Fourth quarter November 2024 - January 2025

Q4 revenue increased by 16 % to EUR 23,6 Million (20,6 Million). Although the revenue for the quarter grew compared to the same period last year, it was still a disappointment and fell short of expectations. Gross profit was EUR 8,1 million (7,4 Million) in Q4.

Q4 reported EBITDA was EUR -2,8 Million (-4,0 Million) and adjusted EBITDA EUR -2,8 Million (-3,2 Million). No reported adjustments during the quarter. Q4 net cash from operating activities was EUR -1,5 Million (- 6,2 Million).

February 2024 - January 2025

Q1-Q4 revenue decreased to EUR 102,9 Million (EUR 108,2 Million). Q1-Q4 gross profit decreased to EUR 39,7 Million (EUR 42,6 Million). Q1-Q4 reported EBITDA was EUR 1,9 Million (2,2 Million) and adjusted EBITDA EUR 2,2 Million (3,8 Million). Reported adjustments totaled to EUR 0,3 (1,5 Million) including one-offs regarding restructuring costs in the businesses in Finland, EUR 0,25 Million and other nonrecurring costs, EUR 0,05 Million. Impact of the adjustments to the operating cashflow in Q1-Q4 amounted to EUR 0,3 Million (0,9 Million).

Q1-Q4 net cash from operating activities was EUR 0,1 Million (4,3 Million).

Goodwill impairment tests in January 2025

The management makes significant estimates and discretionary decisions in determining the level at which goodwill is tested and whether there are indications of the impairment of goodwill.

No impairment loss was recognized for the reported financial years as a result of the tests for impairment at the level of Nesco subgroup and at the level of Vesivek Ltd./Vesivek Salaojat Ltd. Grounds behind the goodwill impairment tests are specified on the notes of this bulletin.

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.

For more information

Jari Raudanpää, CFO

+358 40 566 6399

jari.raudanpaa@vesivek.fi

Consolidated Statement of Comprehensive Income

1000 EUR	1.11.2024-31.1.2025	1.2.2024-31.1.2025	1.11.2023-31.1.2024	1.2.2023-31.1.2024
REVENUE	**23 634**	**102 929**	**20 323**	**108 161**
Other operating income	228	997	-139	1 330
Material and services	-9 473	-39 350	-8 121	-39 864
Employee benefits expense	-12 367	-43 459	-11 003	-46 487
Depreciation and amortisation	-1 672	-6 937	-6 806	-12 810
Other operating expenses	-4 830	-19 232	-5 087	-21 001
OPERATING PROFIT	**-4 480**	**-5 052**	**-10 833**	**-10 671**
Finance income	-380	551	-1 020	259
Finance expense	-1 604	-5 129	-1 150	-4 635
Finance income and expense	**-1 984**	-4 579	**-2 170**	-4 376
PROFIT (LOSS) BEFORE TAX	**-6 464**	**-9 630**	**-13 003**	**-15 047**
Tax on income from operations	927	1 284	1 568	1 769
PROFIT (LOSS) FOR THE PERIOD	**-5 537**	**-8 347**	**-11 435**	**-13 278**
Profit attributable to:				
Owners of the parent company	-5 252	-7 932	-11 153	-13 113
Non-controlling interests	-285	-414	-282	-165
	-5 537	**-8 347**	**-11 435**	**-13 278**
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	27	-33	103	12
	27	**-33**	**103**	**12**
TOTAL COMPREHENSIVE INCOME	**-5 510**	**-8 380**	**-11 332**	**-13 266**
Total comprehensive income attributable to:				
Owners of the parent company	-5 227	-7 963	-11 059	-13 102
Non-controlling interests	-283	-417	-272	-164
	-5 510	**-8 380**	**-11 332**	**-13 266**

HLRE Holding Group
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Consolidated Statement of Financial Position

1000 EUR	31.1.2025	31.1.2024
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	629	685
Goodwill	35 273	35 273
Property, plant, equipment	22 694	26 263
Other non-current financial assets	48	48
Non-current loan receivables	5	13
Deferred tax assets	3 334	1 940
NON-CURRENT ASSETS	**61 982**	**64 221**
CURRENT ASSETS		
Inventories	11 228	12 833
Trade and other receivables	6 618	6 261
Loan receivables	47	52
Tax Receivable, income tax	724	713
Cash and cash equivalents	2 498	2 574
CURRENT ASSETS	**21 115**	**22 433**
ASSETS	**83 097**	**86 654**
EQUITY AND LIABILITIES		
Owners of the parent company		
Share capital	80	80
Unrestricted equity reserve	18 002	18 002
Translation differences	-168	-140
Retained earnings	-11 607	-3 599
Owners of the parent company	**6 307**	**14 343**
Non-controlling interests	**-458**	**-91**
EQUITY	**5 849**	**14 252**
NON-CURRENT LIABILITIES		
Finance and lease liabilities	55 817	10 738
Employee benefit obligation	374	400
Deferred tax liabilities	74	105
NON-CURRENT LIABILITIES	**56 264**	**11 243**
CURRENT LIABILITIES		
Finance and lease liabilities	5 299	42 066
Other current liabilities	15 627	17 098
Derivatives	0	1 852
Tax liability, income tax	59	143
CURRENT LIABILITIES	**20 984**	**61 159**
Liabilities	**77 249**	**72 401**
EQUITY AND LIABILITIES	**83 097**	**86 654**

HLRE Holding Group
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Consolidated Statement of Cash Flows, indirect

1000 EUR	Nov 24-Jan 25 Q4	Nov 23-Jan 24 Q4	Feb 24 – Jan 25 Q1-Q4	Feb 23 – Jan 24 Q1-Q4
Cash flows from operating activities				
PROFIT (LOSS) FOR THE PERIOD	-5537	-11 584	-8 347	-13 278
Adjustments to the profit/loss for the period				
Depreciation, amortisation and impairment	1672	6 806	6 937	12 810
Financial income and expenses	1560	964	4 995	3 801
Tax on income from operations	-927	-1 419	-1 284	-1 769
Other adjustments	398	1 281	-546	169
Adjustments total	2702	7 632	10 102	15 011
	0	0		
Working capital change	0	0		
Increase (decrease) in inventories	650	1 054	1 569	2 947
Increase / decrease in trade and other receivables	3019	3 598	-465	3 584
Increase / decrease in trade payables	-2028	-6 047	1 478	-541
	0	0		
Interest paid	-412	-809	-1 628	-3 030
Interest received	39	77	155	192
Other financial items	5	2	-2 477	-12
Income taxes paid	90	-112	-239	-551
Net cash from operating activities	**-1472**	**-6 188**	**148**	**4 322**
	0	0		
Cash flows from investing activities	0	0		
Purchase of tangible and intangible assets	-187	42	-614	-999
Proceeds from sale of tangible and intangible assets	-236	70	412	587
Acquisition of subsidiaries, net of cash acquired	0	0	-2	0
Loans granted	0	0	-1	-9
Proceeds from repayments of loans	3	3	13	14
Addition (deduction) of cash equivalents	16	40	0	0
Net cash used in investing activities	**-404**	**155**	**-191**	**-407**
	0	**0**		
Cash flows from financing activities	0	0		
Purchase of treasury shares	22	0	0	0
Proceeds from current borrowings	0	0	976	0
Proceeds from non-current borrowings	0	0	3 066	0
Payment of lease liabilities	-772	-1 282	-4 074	-4 898
Net cash used in financing activities	**-750**	**-1 282**	**-32**	**-4 898**
Net change in cash and cash equivalents	**-2626**	**-7 315**	**-75**	**-983**
Cash and cash equivalents at beginning of period	5125	9 890	2 574	3 557
Net Increase (decrease) in cash and cash equivalents	-2626	-7 315	-75	-983
Rate difference, Cash and cash equivalents, average rate	-2	0	-2	0
Cash and cash equivalents	**2498**	**2574**	**2 498**	**2 574**
Cash and cash equivalents, other arrangements	0	0	0	0

Consolidated statement of changes in equity

HLRE Holding Group

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1000 EUR	Share capital	Unrestricted equity reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
EQUITY 1.2.2024	**80**	**18 002**	**-140**	**-3 599**	**14 343**	**-91**	**14 252**
Comprehensive income							
Profit (loss) for the period				-7 932	-7 932	-414	-8 347
Other comprehensive income:							
Translation differences	0	0	-30	0	-30	-3	-33
TOTAL COMPREHENSIVE INCOME	**0**	**0**	**-30**	**-7 932**	**-7 963**	**-417**	**-8 380**
Transactions with owners							
Earnings, Other changes	0	0	0	-22	-22	0	-22
Total transactions with owners	**0**	**0**	**0**	**-22**	**-22**	**0**	**-22**
Change in ownership interests in subsidiaries							
Change in ownership interest without loss of control				-52	-52	50	-2
TOTAL EQUITY 31.1.2025	**80**	**18 002**	**-170**	**-11 605**	**6 307**	**-458**	**5 849**

1000 EUR	Share capital	Unrestricted equity reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
EQUITY 1.2.2023	**80**	**18 002**	**-151**	**9 511**	27 442	**71**	**27 512**
Comprehensive income							
Profit (loss) for the period				-13 113	-13 113	-165	**-13 278**
Other comprehensive income:							
Translation differences	0	0	**11**	**0**	11	1	12
TOTAL COMPREHENSIVE INCOME	**0**	**0**	**11**	**-13 113**	**-13 102**	**-164**	**-13 266**
Earnings, Other changes	0	0	0	4	4	2	6
Total transactions with owners	**0**	**0**	**0**	**4**	**4**	**2**	6
Change in ownership interests in subsidiaries							
TOTAL EQUITY 31.1.2024	**80**	**18 002**	**-140**	**-3 599**	**14 343**	**-91**	**14 252**

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 eight 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 2024, 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 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.

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

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 Q12025 has aligned the organization with demand.

As of 31 January 2025, the Company's cash and cash equivalents amounted to EUR 2,50 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 LTM profitability and cash flow from Q22025 and on. 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) 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 Ltd. in Finland to Baltic countries and Sweden. The Swedish turnover was generated by roofing and roof product and solar panel installations and small-scale by direct sales of rainwater systems and roof safety products:

Breakdown of revenue by country

1000 EUR	Nov 24 – Jan 25 Q4	Feb 24 – Jan 25 Q1-Q4	Nov 23 – Jan 24 Q4	Feb 23 – Jan 24 Q1-Q4
Finland	18607	81539	16944	89079
Sweden	4924	20797	3237	18433
Baltic countries	103	593	142	649
Total	23634	102929	20323	108161

5) Goodwill impairment

The management makes significant estimates and discretionary decisions in determining the level at which goodwill is tested and whether there are indications of the impairment of goodwill.

According to the management's view, the acquisition price exceeding the acquired net assets was paid for the business and business idea as a whole, and therefore it considers that the goodwill must be tested at the level of Vesivek Ltd. and Vesivek Salaojat Ltd. (roofing, roof safety and drainage product installations in Finland), which is a cash-generating unit in Finland, and at the level of the Nesco subgroup (manufacturing of rainwater management systems and roof safety products), which is managed as a separate operation and cash-generating entity.

Determining the recoverable amount of a cash-generating unit is based on value in use calculations, which require the use of estimates. The calculations use cash flow projections based on budgets and estimates approved by the management for a five-year period. The cash flow projections are based on the Group's actual results and the management's best estimates of future sales, development of costs, general market conditions and applicable tax rates. The years after the projected period are extrapolated using a growth estimate of 2%. The estimated future net cash flows are discounted to their present value when estimating the recoverable amount based on the pre-tax weighted average cost of capital. The weighted average cost of capital illustrates the current market view of the time value of money and risks associated with the tested units.

The market environment for roof and underground drain renovations has been challenging, which can be seen in a decline in demand from customers postponing necessary renovations as long as possible.
Together with Company's relatively expensive product, which often is financed by loans, that are hard for consumers to obtain, presents a challenging prospect for consumers in a relatively insecure environment.

As a result of the tests for impairment at the level of Nesco subgroup and at the level of Vesivek Ltd. and Vesivek Salaojat Ltd., no impairment loss was recognized for the reported financial years.

Total goodwill value as per 31st January 2025 is EUR 35,3 Million.

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6) Financial liabilities

In February 2021, the Company rearranged its financing,and issued a secured three-year SEK 300 million bonds 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.

During Q4 2023, the Company initiated discussions with the majority holder of companys´s SEK 300 million senior secured bonds to find a long-term financing solution by amending certain provisions of the terms and conditions, including inter alia a three-year maturity extension. Company announced on March 8th 2024 about successful completion of the SEK 300 million bond written procedure and registered 13th March 2024 by Nasdaq Stockholm.

The bond extended to mature 12 February 2027. Updated terms includes an increase of the floating rate margin to 7.85% (previous 6.60%), of which 30% may be deferred after the interest period ending 12 May 2025. Terms includes postponement of the payment of the floating rate margin otherwise payable on the Interest payment dates falling on 12 February 2024 to, and including, the Interest Payment Date falling on 12 May 2025. Postponed margin will be subordinated to the Equity injection. The amended and restated terms and conditions of the bond includes EUR three (3) Million convertible bond by the main owners of the issuer.

Amended terms and conditions have no leverage ratio covenant until July 2025, thereafter 5.0x until January 2026, 4.5x from February 2026 until July 2026 and 4.0x from August 2026 until the final maturity date. New liquidity covenant, EUR two (2) million included.

Maturities of contracts of financial liabilities 31 January 2025
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	4 941				4 941	4 941
Lease liabilities	4 792	3 935	5 956	121	14 804	14 007
Bonds	1 663	2 691	30 573		34 927	28 767
Convertible bonds			3 784		3 784	3 287
Shareholder loans			17 754		17 754	16 420
Loans from financial institutions	976				976	976

Maturities of contracts of financial liabilities 31 January 2024
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	4 763				4 763	4 763
Lease liabilities	4 940	3 811	6 550	492	15 793	15 150
Bonds	26 651				26 651	26 614
Shareholder loans	15 794				15 794	15 773
Derivatives	1 852				1 852	1 852

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 2025		31 Jan 2024	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities					
Loans from financial institutions	**2**	976	976	0	0
Bonds	**2**	28767	28060	26 614	25 633
Convertible bonds	**2**	3287	3211	0	0
Shareholder loans	**2**	16420	15742	15 773	15 741
Derivatives	**2**	0	0	1 852	1 852

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 disposed the Lieto property in May 2024 on a market value and on arm´s length terms releasing the property mortgage deeds total 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:

Related party transactions

1000 EUR		
With entities controlled by key management	**31 Jan 2025**	**31 Jan 2024**
Sales of goods and services	0	9
Purchases of goods and services	586	565
Repayment of lease liability	0	0
Interest expense on lease liability	0	0
Loan receivables	0	0
Trade receivables	0	0
Interest receivables	0	0
Trade payables	4	7

With key management	**31 Jan 2025**	**31 Jan 2024**
Loan receivables	0	0
Non-current liabilities	13 571	11039
Interest liabilities	5 659	4984
Interest costs	621	647

Parent company's condensed income statement*

1000 EUR	Feb 24 - Jan 25 Q1-Q4	Feb 23 - Jan 24 Q1-Q4
TURNOVER	**492**	**322**
Personnel costs	-190	-63
Depreciation, amortisation and impairment	0	-22
Other operating expenses	-323	-147
OPERATING PROFIT/LOSS	**-21**	**90**
Financial income and expenses	-2 314	-1 053
PROFIT/LOSS BEFORE TAX	**-2 335**	**-963**
	0	0
Income taxes	0	0
PROFIT/LOSS FOR THE PERIOD	**-2 335**	**-963**

Parent company´s condensed banace sheet*

1000 EUR	31.1.2025	31.1.2024
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	23	0
Investments	19 803	19 803
	19 825	19 803
CURRENT ASSETS		
Non-current receivables	33 888	33 888
Current receivables	19 086	9 226
Cash and cash equivalents	1 378	36
	54 352	43 151
ASSETS	**74 177**	**62 954**
SHAREHOLDER'S EQUITY AND LIABILITIES		
SHAREHOLDER'S EQUITY		
Share capital	80	80
Other reserves	18 002	18 002
Retained earnings	318	1 281
Profit or loss for the finacial year	-2 335	-963
SHAREHOLDERS EQUITY	**16 065**	**18 400**
LIABILITIES		
Non-current liabilities	40 001	37 413
Current liabilities	18 111	7 141
LIABILITIES	58 112	44 554
	0	0
EQUITY AND LIABILITIES	**74 177**	**62 954**

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