Investor Presentation
March 2025

Verston

Disclaimer

This presentation was prepared exclusively for the benefit and internal use of selected parties in order to evaluate the feasibility of a possible transaction or transactions and does not carry any right of publication or disclosure to any other party. This document is incomplete without reference to and should be viewed solely in conjunction with the oral briefing provided by Verston Group OÜ („Verston“). This presentation may not be used for any other purposes without the prior written consent of Verston. This presentation is not prepared in accordance with the requirements applying to investment research. This presentation does not constitute and is not intended to be a prospectus or a key investment information sheet within the meaning of the Estonian Securities Market Act.

This presentation does not constitute or form part of an offer or invitation or recommendation to subscribe for or purchase any Securities. The information contained in this presentation is not for publication, distribution, or transmission, in whole or in part, directly or indirectly, outside Estonia, Latvia and/or Lithuania. The distribution of this presentation may be restricted by law in certain jurisdictions, and persons into whose possession this presentation comes should inform themselves about, and observe, any such restriction. Any failure to comply with these restrictions may constitute a violation of the laws of any such jurisdiction. Verston shall not have any responsibility for any such violations.

The numerical and quantitative information (e.g., monetary value, percentage value, etc.) taken as a basis in preparing this presentation is presented with such precision as Verston considers reasonably sufficient and adequate for the purpose of providing the information, avoiding excessive detail. Quantitative amounts are in some cases rounded to the nearest decimal or whole number. We do not represent that such information is accurate or complete and it should not be relied on as such. Any opinions provided here reflect our judgement at this date, all of which are accordingly subject to change. Verston accepts no liability whatsoever for any direct, indirect, or consequential loss rising from the use of this presentation or its contents.

The terms, prices, or levels presented in this document are preliminary and indicative, and they may be altered at any time without prior notice. Verston retains the right to modify and substitute the information in this presentation at its discretion, with no obligation to update or rectify any details provided herein.

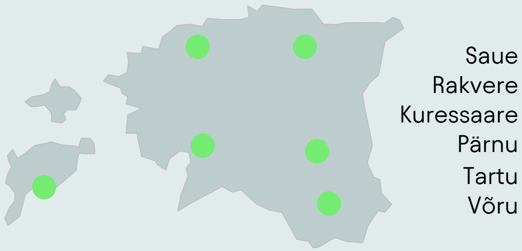
This presentation, and its distribution, should not be used as the basis for any contract, commitment, or investment decision. It does not establish any contractual relationship, and Verston assumes no liability for any direct or indirect losses or expenses resulting from the use of this presentation. Verston does not make any representations or warranties regarding the accuracy or sufficiency of the information in this presentation.

Any mention of specific proposed terms in this presentation is a summary and not a comprehensive description. The terms or characteristics are subject to change. Historical facts, information related to historical performance, facts, conditions, and information known at the moment, and assumptions from all or any of these are not a guide to the future. Expressions such as that Verston has set a goal, plans, wishes, intends, or any other term referring to the future used in this presentation, do not express an accurate prediction of what the future will look like. Any such forward-looking statements are based on assumptions and estimates, and involve risks, uncertainties and other circumstances that may cause the actual results, performance, financial position, and achievements of Verston to be materially different from those set out in the forward-looking information.

Verston and/or its employees may hold shares, options or other Securities of any issuer referred to in this presentation and may, as principal or agent, buy or sell such securities. Verston may have other financial interests in transactions involving these securities.

Verston

Verston Eesti at a glance



Verston's maintenance area centers in Estonia

Business profile

- Established in 2010
- Infrastructure construction & road maintenance in Estonia
- **330** employees (31.12.2024)
- Orderbook: EUR **365** million[1]
- Quarries: **34**

Key Financials 31.12.2024

Revenue	EUR **75.4** million
EBITDA	EUR **8.9** million
Debt&leases	EUR **8.6** million (w/o rental agreements, related party loans)
Rentals	EUR **12.7** million

Road maintenance

- The **largest road maintenance** provider in Estonia covering **6 514 km, 39%** from Estonian state roads
- Almost EUR 19 million in revenues came from maintenance in 2024

Infrastructure construction

- 7 contracts for **Rail Baltica** tenders signed in the amount of EUR **310** million[2]
- Via Baltica **2+2 road** Pärnu-Uulu completed in 2024
- Baltic´s **largest wind & solar park** – Sopi-Tootsi – completed in 2024

[1]signed as of January, [2] includes also consortium partners' part

Verston

Key investment highlights

Estonia's leading infrastructure sector company

- #1 infrastructure construction and maintenance company in Estonia.
- Core business includes highway construction, road maintenance, railway infrastructure construction and onshore wind park construction.
- Top-level vision, mission, and culture drive Verston's growth and greatness.
- Synergies within business units in equipment, staff, and material usage enhance efficiency and profitability.

Diversified revenues and solid financial performance

- Robust asset base driving revenue across 5 product lines.
- EUR 75M revenue in 2024 and EBITDA of EUR 8.9M demonstrate robust margins supporting further growth.
- Equity ratio consistently remaining above 20%.
- Reasonable debt load, and strong cash flow, presents a compelling investment opportunity.

Secured project contracts ensuring bond-period cash flows

- Projected cash flows for the next three years will comfortably cover bond interest at adequate leverage levels.
- Rail Baltica: Obtained Rail Baltica contracts worth 310 million euros.
- Best-positioned company to win key regional infrastructure tenders in the coming years.
- Verston aims to expand its market share and achieve 1 billion euros in annual revenue by 2034.

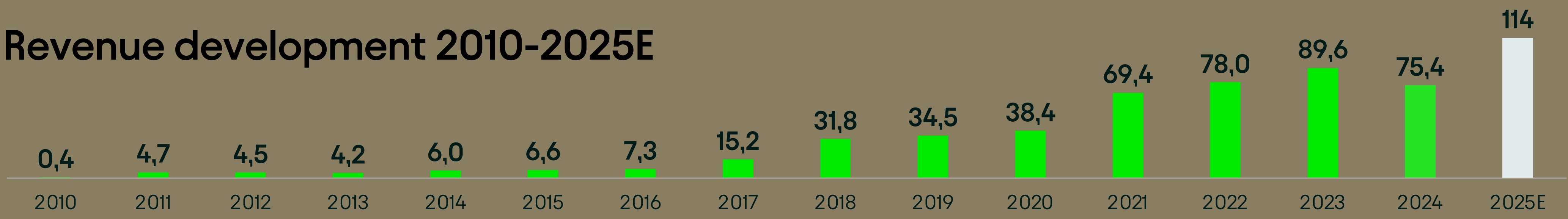
Organization committed to construct sustainable infrastructure

- CO2: Verston aims to cut CO2 emissions by 10% annually, achieving a 40% reduction by 2026 from 2022 levels. Targeting 80% reduction by 2034 from 2023 levels.
- Ongoing investments in eco-friendly vehicles and green technologies to avoid carbon lock-in.
- Management boosts team environmental awareness with weekly updates and conferences.
- Focus on quality management, environmental protection, occupational health, and safety.

Infrastructure sector market leader within 13 years

- **2010** – Verston Ehitus was founded by present board members
- 2011
- 2012
- 2013
- **2014** – initiation of asphalt paving operations
- 2015
- **2016** – acquisition of a mobile asphalt plant
- **2017** – acquisition of Haart Ehitus; founding of Infrafly OÜ
- 2018
- 2019
- 2020
- **2021** – aquisition of Eesti Teed AS; divestment of Haart Ehitus
- 2022
- **2023** – Verston is the leading infrastructure construction and maintenance company in Estonia
- 2024
- **2025** – expansion to new markets

Revenue development 2010-2025E



[1] 2025E revenue is a management estimate, subject to change and not guaranteed

Verston

Landmark projects completed

Reidi tee in Tallinn

Verston built Reidi Tee area in Tallinn—a 1.93 km coastal road with pedestrian areas, cycle paths, and green spaces, improving urban mobility and access to the waterfront.
Period: 2018 - 2019
Contract amount: EUR 33 million

Pärnu-Uulu 2+2

Verston built a four-lane highway to enhance safety, capacity, and comfort, handling 15,000+ daily vehicles. The project included a new bridge, interchanges, roundabouts, pedestrian tunnels.
Period: 2022 - 2024
Contract amount: EUR 35 million

Sopi-Tootsi windpark

Verston designed and built 30 km of roads and 38 wind turbine foundations for the Sopi-Tootsi wind farm, the largest in the Baltics, using sustainable solutions.
Period: 2023 - 2024
Contract amount: EUR 80 million

4 Rail Baltica main line sections

Verston is constructing four mainline sections for Rail Baltica in Estonia, supporting a sustainable future for rail connectivity in the region.
Period: 2024 - 2028
Contract amount[1]: EUR 270 million

and in secured pipeline

[1] Contract amount refers to the total project amount and includes also partners part

Infrastructure projects outlook

Verston has large scale projects for the coming years secured and in pipeline

Rail Baltica

Across the Baltic State, the Rail Baltica project[1] has secured EUR 4.1 billion, with 85% from EU funds and up to 15% from state budgets.

First main line sections as well as terminals tenders in progress and planned.

All tenders that are announced have financing fully secured.

Verston has secured four wins, totaling ***EUR 270 million***, out of six mainline tenders so far, with team references for large-scale projects being among the key factors.

Project	Amount
Main line Rapla I	EUR 60 million
Main line Rapla II	EUR 47 million
Main line Rapla IV	EUR 88 million
Main line Harju II	EUR 74 million

Wind and solar parks

Estonia aims to have 1.2 GW of wind power by 2030 (increase from 2022 level of 318 MW).

Wind park construction requires infrastructure construction works for access roads to turbines as well as foundation and electricity works where Verston operates with partners for example Nobe for concrete works and Connecto for electricals.

Verston's project managers have a track record of working on wind park projects, providing invaluable expertise to clients with tight schedules for their wind park developments.

Year	Project	Client
2022	Targale wind farm 59 MW	Utilitas
2023	Saarde wind farm 39 MW	Utilitas
2024	Sopi-Tootsi wind farm 255 MW	Enefit Green
2024	Sopi solar park	Enefit Green

Road construction & maintenance

Multiple new tenders expected for maintenance areas.

Maintenance contracts have generally term of 5 years.

The next big scale project tendered by Estonian Transport Administration is expected to be Via Baltica Are-Nurme 2+2 (~12 km) that will be tendered in sections.

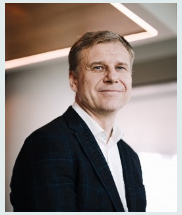
Since there have been a limited number of state repair and construction tenders in recent years, it is expected that, in the mid-to-long term, these postponed construction projects will enter the pipeline.

Year	Project	Amount
2024	Pärnu-Uulu 2+2	EUR 35 million

The **largest road maintenance provider** in Estonia covering 6 514 km, 39% from Estonian state roads. Average remaining term of maintenance agreements is 3 years.

[1] as of June 2024 – Rail Baltica website information

Verston Eesti management team with long-term track in the sector



Tarvi Kliimask

Member of the management board, COO

Tarvi Kliimask has been the COO and a board member of Verston since 2022. His main role is to lead the successful implementation of Verston's business strategy and to facilitate cross-departmental collaboration. He coordinates Verston's core activities in **infrastructure construction, maintenance, surfacing and asphalt installation.** Tarvi holds a road engineer degree from Tallinn University of Technology and has over thirty years of leadership experience in the infrastructure construction sector. He is also actively involved in the work of the Estonian Infrastructure Construction Association board.

Jarmo Liiver

Member of the management board, CFO

Jarmo has been Verston's CFO since 2019 and a board member since 2020. His role as CFO includes managing Verston's **cash flows and credit policy, financing, reporting, and investment analysis**. Before joining Verston, he worked as the head of the business division at KredEx and held various positions at SEB Bank and Nordea Bank. Jarmo graduated from the University of Tartu with a degree in economic cybernetics.

Ragnar Kangro

Member of the management board, CSO

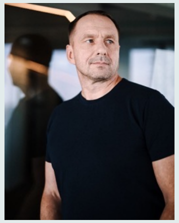
Ragnar Kangro joined Verston in 2017 and was Verston's representative in the consortium for the construction of Reidi Road in Tallinn. In 2020, he became a board member and CSO, where his main role is to lead Verston's **sales activities, prepare bids, and participate in tenders.**

Co-founders are actively in management

Veiko Veskimäe

Chairman of the management board, CEO

Veiko is a co-founder and CEO of Verston since 2010. In addition to **leading Verston as a profitable and environmentally growing company**, he actively advocates for the development and competitiveness of the infrastructure sector and contributes to the Estonian business landscape. Veiko focuses on balancing environmental and societal needs, ensuring good connections, and a strong economy. He is a board member of the Estonian Infrastructure Construction Association.



Erkko Saluste

Member of the management board

Erkko is a co-founder and a board member of Verston since 2010. As a board member, his responsibilities primarily include **real estate, equipment, and mining**. Erkko's extensive experience, determination, strong analytical skills, and ability to maintain good relationships have significantly contributed to Verston's rapid growth and successful navigation of complex situations.

Jüri Tamm

Member of the management board, co-CEO of Verston Group

Jüri Tamm joined Verston in October 2024 and has international experience in infrastructure sector.

Strategic synergies &

Collaboration for synergies

Effective collaboration between various functions and teams to reduce redundancies, improving efficiencies.

Example: Trucks that are used in the winter to plough snow are used for material transport from quarries and for surfacing, during the summer.

Profitability management

Through clear budgeting/accounting practices and guidance to management.

Example: Project managers form an integral part in putting together offers for ownership and management of the budgets.

Digitalization

To reduce tedious manual work, significantly improving efficiency and accuracy.

Example: Paperless time-tracking for employees using InfraFly, application of BIM.

smart management practices

In Focus: attention to big picture, efficiencies, innovation

Industry-leading approach for ESG

ENVIRONMENTAL

- **Sustainable Infrastructure** – Committed to smarter, greener transportation solutions.
- **CO_2 Reduction** – Cutting emissions 10% annually, targeting 40% by 2026 and 80% by 2034. In 2024, Verston managed to reduce scope 1 and scope 2 emissions by 10%.
- **Eco-Friendly Fleet** – Upgraded 2/3 of maintenance vehicles to greener technology.
- **Innovation & Automation** – Advancing digitalization, automation, and material recycling for efficiency.

SOCIAL

- **Employee Health & Well-Being** – Prioritizing workplace safety, offering health insurance, mental health support and sports benefits.
- **Community & Sports Engagement** – Supporting sport teams, participation in volunteering programs.
- **Education & Future Engineers** – Promoting engineering careers, scholarship initiatives, professional growth.
- **Industry Innovation & Digitalization** – Advancing construction efficiency with digital solutions.

GOVERNANCE

- **Strategic Oversight** – Ensuring success in project execution, acquisitions, and industry innovation.
- **Risk Management & Alignment** – Governance structure safeguards objectives and shareholder interests.
- **Three Levels of Defense:**
    1. Risk Ownership – Financial accuracy, compliance, and operational risk management.
    2. Risk Monitoring – Safety, sustainability, and strategic alignment.
    3. Independent Assurance – Oversight, risk assessments, and governance improvements.
- **Accountability & Leadership** – Clear decision-making strengthens responsibility at all levels.

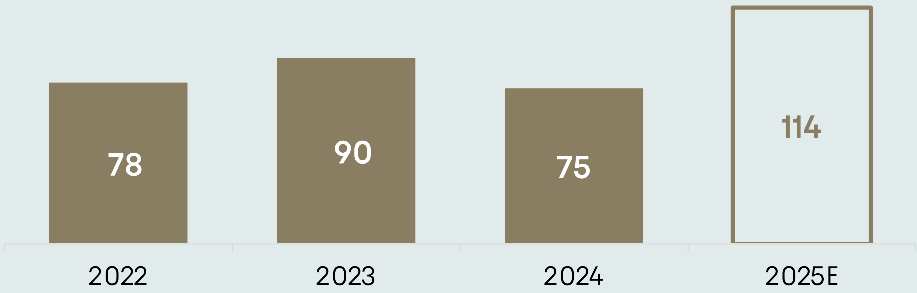
Driving competitiveness

Verston

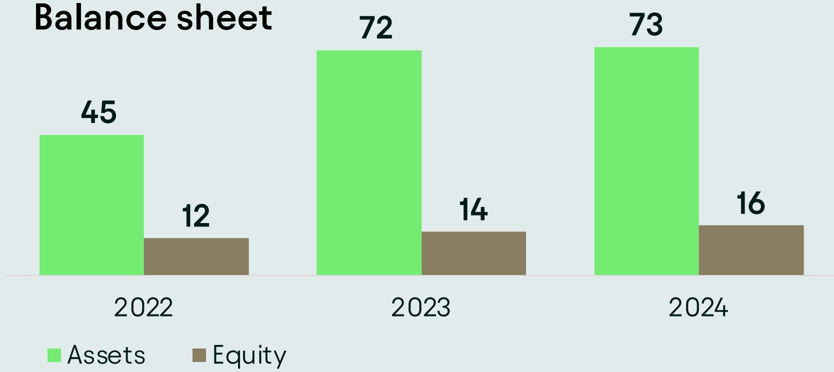
Financial overview – Verston Eesti OÜ (IFRS)

Growth in infrastructure construction and stability from maintenance segments

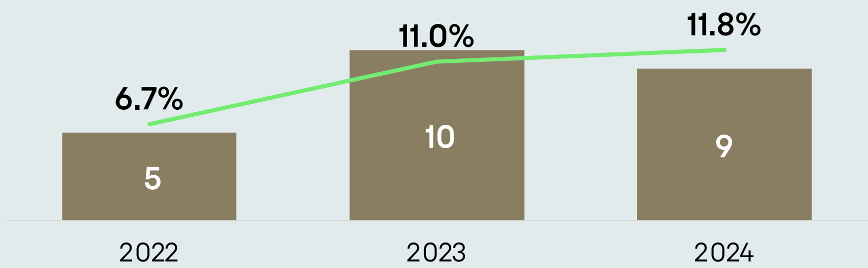
Revenue[1]



Balance sheet



EBITDA, EBITDA margin



Bank Debt levels (w/o rentals, incl. leases)

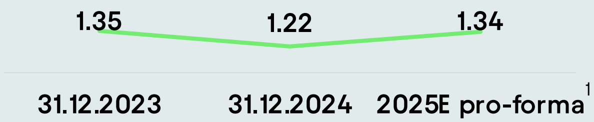
[1] 2025E revenue is a management estimate, subject to change and not guaranteed

Verston

Subordinated bond covenants (1)

Interest payments and redemption payments for bondholders are allowed if the DSCR is ≥ 1.2

1. DSCR ≥ 1.2



	31.12.2023	31.12.2024	2025E pro-forma[1]
Debt service	**5.1**	**4.6**	**5.8**
Interest, guarantee costs	2.0	1.8	1.9
Loans and lease principal payments	3.1	2.8	3.2
Bond interest			0.7
EBITDA , IFRS	**9.8**	**8.9**	**11.4**
EBITDA , adjusted	**6.9**	**5.6**	**7.7**

The DSCR definition and calculation methodology are based on the senior lender's calculation and further described in the Verston bond terms and conditions, where:

EBITDA is adjusted as following:

- without one-off revenues (i.e. real estate sales);
- includes rental costs (according to IFRS-16 these, though actual payments, are included in D&A);
- development investments that are capitalized are subtracted from EBITDA (in 2024, this amount reached to EURm 1.4).

Debt Service includes interest costs for loans and leases, principal payments for loans and leases, guarantee costs for the period (excluding rental agreements, subordinated liabilities & interest).

2025 pro-forma assumptions

- The 2025E pro-forma DSCR is based on the 2025 budget as of January 2025.
- The pro-forma assumes a EUR 6M bond with an interest rate of 11%.
- The 2024 pro forma includes 31.12.2024 balances with the EUR 6m bond added.
- Starting in 2024, Verston Group began incurring operating costs for group development, these however are planned and executed so that Verston Eesti DSCR is compliant with bank covenants
- All calculations are based on Verston Eesti OÜ. Verston Group OÜ financials consolidation is planned starting from 2025.

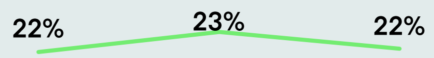
[1] 2025E pro-forma figures are management estimate, subject to change and not guaranteed;

Verston

Subordinated bond covenants (2)

Interest payments and redemption payments for bondholders are allowed if the DSCR is ≥ 1.2

2. Equity Ratio ≥ 20%



	31.12.2023	31.12.2024	2024 pro-forma
Total Equity	**15.6**	**17.2**	**17.2**
Equity	14.4	16.0	16.0
Subordinated liabilities	1.2	1.2	1.2
Assets	**71.6**	**73.2**	**79.2**
Total Assets	71.6	73.2	73.2
Bond			6.0

3. Financial indebtedness/Equity < 2.0

	31.12.2023	31.12.2024	2024 pro-forma
Financial Indebtedness	**13.3**	**8.6**	**14.6**
Existing	13.3	8.6	8.6
Bond			6.0
Equity	**15.6**	**17.2**	**17.2**

4. Free Cash

- Free cash equal to at least the Interest due on the following Interest Payment Dates.
- This means that with bond of EUR 6 million and interest rate 11%, at all times cash balance can't be below EUR 330 thousand.

Verston

Indicative terms

Issuer	Verston Group OÜ
Status	Senior Subordinated Unsecured Notes
Total issue amount	Up to EUR 6 000 000
Denominations	EUR 100 000 + EUR 1 000
Annual interest rate	11% fixed rate
Interest payment dates	9 April and 9 October each year, with the first interest payment date scheduled for 9 October 2025
Issue date	9 April 2025
Maturity date	9 April 2029
Amortization	100% bullet repayment at maturity
Early redemption call	• 9 April 2027– 9 April 2028 @102% per Nominal + accrued and unpaid interest • 9 April 2028 – 9 October 2028 @101% per Nominal + accrued and unpaid interest • 9 October 2028 – 9 April 2029 @100% per Nominal + accrued and unpaid interest
Financial covenants	Semi-annual test on a consolidated basis: (i) Equity ratio >20%; (ii) Financial Indebtedness / Equity <2.0; (iii) Minimum liquidity
Negative covenants	(i) Nature of business; (ii) Third party transactions; (iii) Disposals of assets; (iv) Insurance coverage; (v) Loans out; (vi) Financial indebtedness; (vii) dividend pay out
Subordination	• Senior to Subordinated Liabilities (as further defined in Terms of Notes) • Subordinated to the Bank Liabilities (as further defined in Terms of Notes) • No payment of interest or redemption of Notes unless DSCR ≥1.2. Any Interest which is not permitted to be paid out (Section 4.3.1) on an Interest Payment Date will be capitalized on said Interest Payment Date. The capitalized Interest will be paid, to the extent permissible, on the first Interest Payment Date thereafter on which its payment by the Issuer is permitted (Section 4.3.1), resulting in the reversal of the capitalization (as further defined in Terms of Notes)
Use of proceeds	An amount equal to the net proceeds will be applied by the Issuer for general corporate purposes
Bookbuilding	19 March 2025 at 10:00 (AM) – 4 April 2025 at 15:00 (PM)
Lead manager	LHV Pank
Legal advisor	Eversheds Sutherland Ots & Co
Reporting	Consolidated audited financial statements and unaudited half-yearly statements

Risk factors

A non-exhaustive list of key risk drivers

Issuer and sector based main risk drivers

1. **The Group's operations depend on contractors and partners**

   - Verston and Verston Eesti OÜ (hereinafter the „Subsidiary“) (collectively referred to as the "Group") rely on third-party service providers for planning and construction activities.
   - This dependency exposes the Group to risks related to contractors and service providers.
   - These risks, including difficulties in finding suitable contractors and partners, as well as delays or breaches of agreed terms, can negatively impact the Subsidiary's ability to fulfill contracts and affect the Group's profitability and financial results.
   - Delays or breaches may lead to contractual sanctions, termination, or withdrawal of contracts by clients.
   - Such issues can result in additional costs or damages for the Group, which may not be recoverable from partners.
   - The inability of contractors and partners to meet agreed terms can significantly harm the Group's reputation and financial results.

2. **Potential deterioration of macroeconomic environment**

   - The global economy is marked by uncertainty and volatility and the European economic environment has cooled down.
   - The Estonian economy is still in decline, though the rate of decline is slowing.
   - The Group's sectors are influenced by general economic and geopolitical conditions.
   - Wars and conflicts in Ukraine and Israel, potential political instability in Russia, possible additional sanctions against Russia and Belarus, potential supply chain issues, and high inflation may negatively impact both global and Estonian economies.
   - The duration and course of the war in Ukraine remain unpredictable, making it difficult to foresee its impact on the world and Estonian economies. However, the war and other geopolitical events may negatively affect the Issuer's operations, financial condition, and performance.
   - The Group operates mainly in the Estonian market, making it more susceptible to adverse changes in the Estonian economy compared to companies with diversified international activities.
   - The Issuer monitors both domestic and international market developments, but the timing or extent of changes in economic or political conditions can´t be predicted.

3. **State budget and its possibilities to finance infrastructure development, road maintenance and construction**

   - The Subsidiary primarily provides services to the public sector.
   - The government has recently announced a budget cut plan and these cuts may affect public sector orders in the Group's area of activity.
   - This could have a negative impact on the Group's revenue and, due to fixed costs and the inability to quickly restructure the cost structure, on its financial results and financial condition.

Risk factors

A non-exhaustive list of key risk drivers

Issuer and sector based main risk drivers

4. **Additional financing of the Group**

- The Subsidiary will likely need additional financing in the future.
- There is no certainty that the Group can raise the necessary capital for its growth and operations.
- The Group's operations are capital-intensive, relying heavily on the ability to raise additional capital on favorable terms.
- Factors influencing the Group's ability to obtain financing include general market and economic conditions, financial service and capital provider aspects, and credit institution policies.
- Failure to raise the necessary capital may negatively impact the Group's operational volume and financial results.
- The Issuer monitors the Group's capital needs and seeks suitable financing sources, considering bank financing, additional bond issuances, and equity financing.

5. **Competition in the sector**

- Infrastructure construction and maintenance is a competitive sector.
- High competition can lead to increased demand for labor and raw materials which in turn can cause a significant rise in project-related costs, requiring larger investments from the Group to be able to fulfil its obligations as well as remain competitive.
- Since most contracts under which the Subsidiary provides its services are concluded through procurement procedures, increased competition may result in an unjustified decrease in the prices of the Subsidiary's services without a corresponding decrease in the Issuer's costs.
- The competitive nature of the sector creates a risk of increased demand for raw materials, which can cause delays in project completion due to insufficient supply, leading to additional costs.
- The above factors may negatively impact the Issuer's financial condition and performance.

6. **Risks related to core operational activities**

- The Subsidiary, engaged in both infrastructure construction and maintenance, faces various risks inherent to these sectors.
- In construction, risks include material availability and price fluctuations, supply disruptions due to sanctions and transportation issues, and weather-related delays.
- Delays in material deliveries can extend project deadlines and increase costs.
- In maintenance, risks involve work continuity and service demand, with higher demand in winter affecting revenue streams and requiring precise planning.
- Equipment and materials in maintenance may need frequent renewal, increasing long-term costs.
- Stable supply contracts, price protection mechanisms, and thorough planning are essential for effective project and service execution.

Risk factors

A non-exhaustive list of key risk drivers

Issuer and sector based main risk drivers

7. **Seasonality and weather-related risks for projects' completion and financial cash flows fluctuations**
    - All of the Group's business areas are seasonal, bringing specific risks.
    - The Group is active in all business areas during summer, but only in maintenance services during winter, affecting revenue stability.
    - Winter requires planning for the next summer, but lower revenues during this period can impact cash flow adequacy.
    - Seasonality increases dependence on weather conditions, affecting project execution and service demand.
    - The Group must consider seasonal risks and adjust operational strategies to ensure sustainability and profitability.
8. **Labour shortage**
    - The Subsidiary requires a large workforce (including highly skilled labor) to carry out infrastructure and maintenance projects.
    - Due to developments in the economic and labor environment, demand currently exceeds supply, making it difficult to find new suitable employees.
    - The Subsidiary implements daily measures to find employees and improve the well-being of existing employees, but a labor shortage may hinder the Group's economic activities in the future.
9. **Material availability and prices for construction**
    - Material availability and price fluctuations can significantly impact project costs and deadlines.
    - Material shortages or supply chain disruptions can delay construction work and extend project completion deadlines.
    - Price increases due to market conditions or raw material price hikes can raise overall project costs, leading to additional expenses for the Group.
    - These risks can impair the Group's profitability and raise questions about project sustainability.
    - The Subsidiary implements measures such as material price indexing mechanisms in construction contracts and long-term supply contracts with key providers to mitigate these risks.
    - Careful planning and risk analysis help identify potential threats early and implement measures to mitigate cost and schedule changes.
10. **Legal environment changes**
    - The Issuer operates under Estonian law, and the Bonds are subject to Estonian law.
    - Relevant legislation may change due to new laws, amendments, or changes in interpretation practices.
    - Changes in legislation may harm the Issuer's business operations, financial condition, performance, and future prospects.
    - Changes in tax legislation may increase the tax burden for investors and the Issuer, reducing the return on investment in the Bonds.
    - The Issuer may face additional regulatory requirements or stricter existing requirements, especially concerning sustainability.
    - These factors may hinder the Issuer's economic activities and negatively impact its financial condition and performance.

Verston

Risk factors

A non-exhaustive list of key risk drivers

Bond related risk drivers

1. **The bonds will not be listed**
   - The Issuer is not seeking to list the bonds on Nasdaq Tallinn First North or any other trading venue. As a result, bondholders may find it difficult to sell their bonds in the secondary market.
   - The absence of a listing could impact the marketability and pricing of the bonds.

2. **Liquidity risk**
   - Since the bonds will not be listed on Nasdaq Tallinn First North or any other trading venue, investors may face significant challenges in buying or selling them in the secondary market.
   - The absence of a listing may lead to extremely low or non-existent liquidity, making it difficult for bondholders to exit their investments.
   - Small market capitalization and low trading activity could result in increased price volatility.
   - Investors may not have an easy opportunity to sell or buy the bonds.
   - Small market capitalization and low liquidity may limit investors' ability to trade the bonds and increase price volatility.
   - Low investor activity may cause individual transactions to significantly affect the market price of the bonds and lead to a larger difference between bid and ask prices.

3. **Credit risk**
   - Investing in bonds involves credit risk, meaning the Issuer's obligations may not be properly fulfilled.
   - The Issuer's ability to meet its obligations depends on its financial condition and performance, affected by other risks described in the bonds information document.
   - The bonds are not secured.
   - This risk is mitigated by the fact that 80-85% of the company's clients are the state and local governments with correct payment behavior.
   - The Subsidiary has long-term construction contracts worth approximately 365,000,000 euros, including for Rail Baltic, various road sections, and wind farm infrastructure.
   - The Subsidiary's secured long-term work portfolio ensures stable revenues and the Group's sustainability, reducing dependence on new contracts and ensuring predictability of work volume.

4. **The bonds are unsecured in nature**
   - The bonds are not guaranteed by the Issuer.
   - No one other than the Issuer assumes any responsibility in the event that the Issuer is unable to pay the amount due under the bonds.
   - The Issuer is not prohibited from providing any guarantees on its assets in favor of any third party.
   - Therefore, in the event of the Issuer's insolvency, an investor may lose all or part of their investment.

Verston

Risk factors

A non-exhaustive list of key risk drivers

Bond related risk drivers

5. **Risk associated with subordination**

- The bonds are subordinated to the Issuer's obligations to LHV Pank.
- In the event of the Issuer's liquidation or bankruptcy, claims from the bonds are satisfied only after all priority creditors' claims are fully satisfied in accordance with applicable law.
- Subordination may negatively impact the Issuer's ability to fulfill its obligations from the bonds.
- In the event of the Issuer's insolvency, an investor may lose all or part of their investment.

6. **Risk arising from the subordination of interest payments**

- Interest payments depend on the Issuer's free cash flow indicator.
- Insufficient free cash flow may delay or prevent interest payments.
- This increases investor risk, as interest payments rely on the Issuer's financial condition and cash flow.
- Interruption of interest payments can affect the value and liquidity of the bonds.
- Investors' ability to receive planned returns may be impacted.

7. **Risk of early redemption**

- The Issuer may redeem the bonds early at any time after two years from the issuance date of the respective series, by giving at least 20 banking days notice to the bondholders.
- Early redemption may result in a lower return on investment than initially expected.
- Investors may not find similar risk and return profile financial instruments at the time of early redemption.
- Making a new investment may incur additional costs.

8. **Withdrawal of the offer and under-marking**

- The Issuer cannot guarantee the success of the offering of the bonds or that investors will acquire the bonds they subscribed for.
- The Issuer can cancel the offering for the respective series of bonds until the allocation decision.
- The offering for the respective series of bonds may also be canceled for the unsubscribed portion during the respective offering.
- In case of under-subscription and partial cancellation, the Issuer will need to find alternative financing sources or adjust its growth strategy.
- Adjustments may include reducing investment volume or extending the investment schedule.

Risk factors

A non-exhaustive list of key risk drivers

Bond related risk drivers

9. **Issuance of additional debt instruments**

   - The bond terms do not prevent the Issuer from taking on additional obligations.
   - The bond terms do not restrict the issuance of securities with the same rank of claims as the bonds.
   - Issuing additional securities may negatively affect the Issuer's ability to service its debt obligations, including those arising from the bonds.

10. **Issuance of additional debt instruments**

    - The Issuer must withhold and deduct taxes from bond payments according to Estonian tax laws.
    - Investors must provide necessary information and documents to reduce or avoid withholding if the Issuer is unaware of circumstances excluding withholding.
    - The Issuer does not reimburse amounts withheld or deducted under tax laws.
    - Withholdings or deductions from the principal amount payments may result in investors receiving a smaller amount upon bond redemption.

Verston

Investment highlights

Verston is actively expanding and gaining market share while consistently maintaining healthy profitability.

Verston is committed to maintaining the highest standards of quality in its business operations.

Diligently monitored environmentally responsible market practices are being implemented.

Highly competent and experienced management team.

Appendix

Verston

Financials

Profit & Loss
Verston Eesti OÜ

mEUR	2022	2023	2024
Sales Revenue	**78.0**	**89.6**	**75.4**
Other Revenue	1.3	2.4	1.2
Change in Inventories	0.7	0.9	-1.3
Cost of Goods, Materials, Services	-61.0	-67.0	-49.2
Capitalized expenses	0.0	0.0	0.4
Doubtful receivables write-offs	0.0	0.0	-0.1
Operating Expenses	-1.9	-1.9	-2.0
Employment Cost	-11.8	-14.1	-14.1
Other Expenses	0.0	-0.1	-1.5
EBITDA	**5.2**	**9.8**	**8.9**
D&A	-3.4	-4.9	-5.2
EBIT	**1.8**	**5.0**	**3.6**
Interest Income-Cost	-0.9	-1.5	-2.0
Other Financial Income-Cost	-0.2	-0.8	-0.1
Profit before CIT	**0.8**	**2.6**	**1.6**
Net Profit	**0.8**	**2.6**	**1.6**

Verston

Financials

Balance Sheet
Verston Eesti OÜ

mEUR	2022	2023	2024
Current Assets	**12.6**	**34.4**	**32.5**
Cash and Cash Equivalents	0.4	1.1	1.1
Receivables	7.6	23.9	22.9
Prepayments	1.8	3.5	2.3
Inventories	2.7	4.1	4.5
Assets Held for Sale	0.0	1.8	1.8
Non-current Assets	**32.4**	**37.2**	**40.7**
Tangible Assets	25.6	29.7	31.5
Intangible Assets	6.8	7.3	8.4
Receivables and prepayments	0.0	0.1	0.7
Real estate investments	0.0	0.0	0.0
TOTAL ASSETS	45.0	71.6	73.2
Short-term Liabilities	**16.1**	**36.5**	**31.6**
Borrowings – Debt	1.4	4.0	4.8
Borrowings – Rental Agreements	3.2	4.8	5.5
Payables	10.2	22.8	15.8
Prepayments	0.3	3.4	4.4
Tax Liabilities	0.9	1.3	1.1
Reserves	0.1	0.1	0.1
Long-term Liabilities	**17.1**	**20.8**	**25.6**
Borrowings – Debt	5.1	2.8	1.4
Borrowings – Rental Agreements	9.7	13.2	12.8
Payables	0.3	1.7	2.2
Reserves	0.4	1.1	0.3
Prepayments	1.5	2.0	9.0
Total Liabilities	**33.2**	**57.2**	**57.2**
Total Equity	**11.8**	**14.4**	**16.0**
TOTAL LIABILITIES AND EQUITY	45.0	71.6	73.2

Verston

Financial Overview

Overview of Debt profile Verston Eesti OÜ

	Interest rates (2024)	31.12.2023 (EURm)	31.12.2024 (EURm)
Overdraft	7.52%	3.5	2.1
Bank loan	4.5% + 6MO EURIBOR	1.4	0.6
Bank loan	8.95% + 6MO EURIBOR	0.7	0.3
Total Bank Debt w/o rentals, leases		**5.6**	**3.0**
Leases		7.7	5.6
Total Bank Debt, incl leases w/o rentals		**13.3**	**8.6**
Related party loans	6.2-12%	1.2	1.2
Total Debt, incl leases w/o rentals		**14.5**	**9.8**
Rental agreements	2-4.65% + 6MO EURIBOR	10.2	12.7
Total Debt incl rental agreements		**24.7**	**22.5**

- In addition to loans and leases, Verston utilizes factoring (with a balance of EUR 1.9 million as of 31.12.2024) and bank guarantees issued by the bank for projects and works.
- Rental agreements have been accounted for based on IFRS16 and are not part of bank's covenants calculations.
- Rental agreements have flexibility of termination with 3 months notice.

The land, buildings, and other tangible fixed assets are pledged as collateral for a long-term loan obtained from LHV Bank.

Bank covenants include (without rental agreements based on IFRS 16):

- No dividends without the bank's approval.
- **DSCR** must be at least **1.2**
- **Debt/EBITDA** below **3** (based on the semi-annual report).
- Equity must be at least **25%** of the total balance sheet amount.
- Lease agreements are guaranteed by Verston Holding OÜ.

Verston

Financials

Profit & Loss
Verston Group OÜ (stand-alone)

mEUR	2022	2023	2024 (preliminary, unaudited)
Sales Revenue	**0.3**	**0.3**	**0.3**
Other Revenue	-	0.0	0.0
Cost of goods sold	-	-	-0.0
Operating expenses	-0.0	-0.0	-0.4
Employment cost	-0.2	-0.3	-0.2
D&A	-0.0	-	-
Other expenses	-	-0.0	-0.0
EBIT	**-0.0**	**0.0**	**-0.3**
Profit (loss) from subsidiaries	0.8	3.0	-
Interest income	0.0	0.0	0.1
Interest cost	-0.1	-0.0	-0.1
EBT	**0.7**	**3.0**	**-0.3**
Net profit (loss)	**0.7**	**3.0**	**-0.3**

Verston

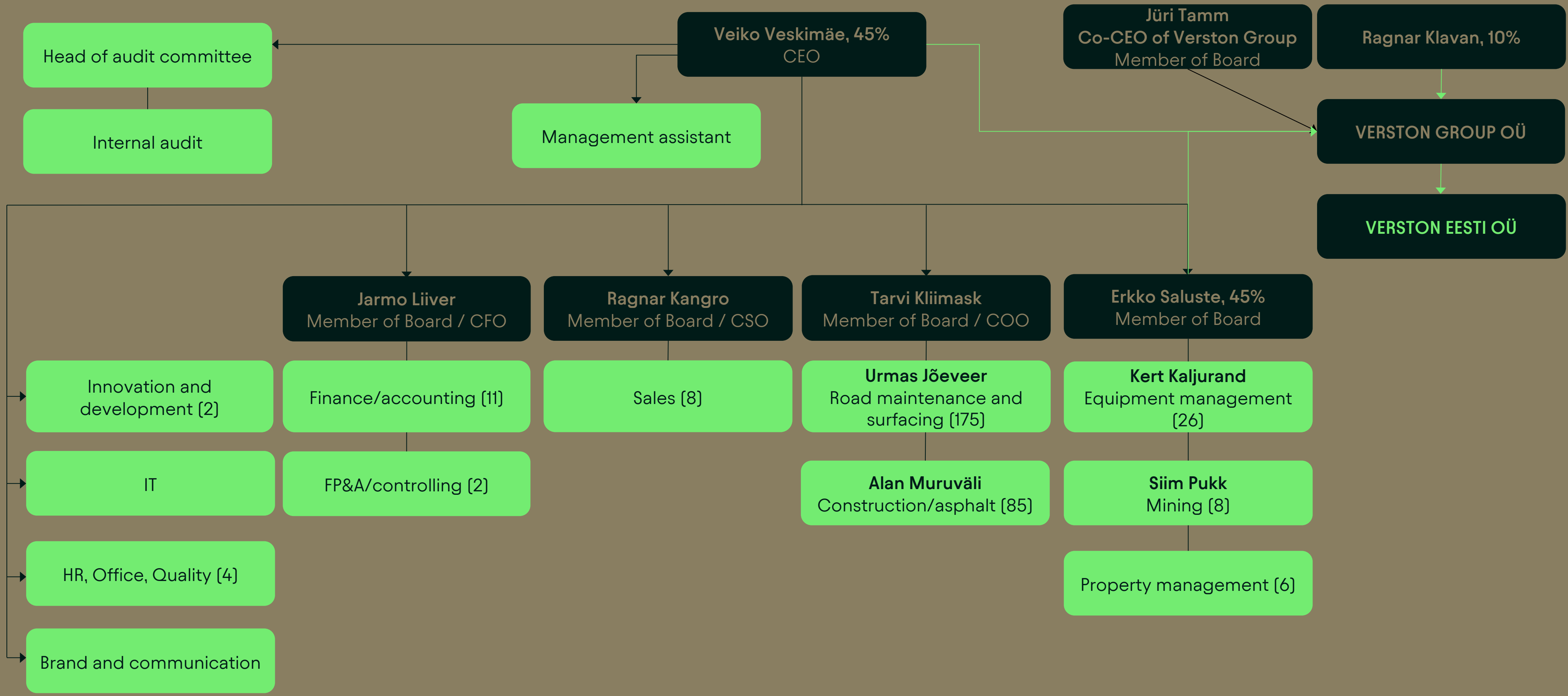
Financials

Balance Sheet
Verston Group OÜ (stand-alone)

mEUR	2022	2023	2024 (preliminary, unaudited)
Current assets	**0.6**	**0.6**	**0.6**
Cash and cash equivalents	0.0	0.0	0.0
Trade and other receivables	0.6	0.6	0.6
Non-current Assets	**12.1**	**12.1**	**12.0**
Shares of subsidiaries	11.5	11.5	11.5
Long-term receivables	0.5	0.5	0.4
Tangible assets	0.1	0.1	0.1
Total assets	**12.7**	**12.7**	**12.7**
Current liabilities	**0.2**	**0.1**	**0.2**
Trade and other payables	0.1	0.1	0.2
Tax payables	0.0	0.0	0.0
Long-term liabilities	**1.9**	**2.0**	**2.1**
Loans and accrued interest	1.9	2.0	2.1
Total liabilities	**2.1**	**2.1**	**2.3**
Total equity	**10.6**	**10.6**	**10.3**
Share capital	0.0	0.0	0.0
Reserves	1.9	1.9	1.9
Retained earnings	8.7	8.8	8.5
Total liabilities and equity	**12.7**	**12.7**	**12.7**

Verston

Organizational structure of Verston Eesti & ownership



Verston

Where there's a will,
there's a way.