

## TERMS AND CONDITIONS OF THE OFFERING

### Overview of the Offering

On 25 September 2020, the Extraordinary General Meeting of Lehto Group Plc (the "Company") authorised the Board of Directors of the Company to decide on a share issue in which the shareholders will have a pre-emptive right to subscribe for new shares in proportion to their shareholdings in the Company. The purpose of the Offering is to improve the Company's financial position and strengthen the Company's ability to implement its strategy on utilising modular construction method based on prefabricated elements. The number of new shares issued based on the authorisation is at maximum 60,000,000 shares. The Company's Board of Directors was authorised to decide upon other terms and conditions of the share issue.

On 18 November 2020, the Board of Directors of the Company resolved, based on the authorisation granted by the Extraordinary General Meeting, to issue a maximum of 29,029,967 new shares in the Company (the "Offer Shares") in the offering for consideration based on the pre-emptive subscription right of the shareholders (the "Offering") as set forth in these terms and conditions.

As a result of the Offering, the total number of shares in the Company may increase from 58,309,443 shares to a maximum of 87,339,410 shares. Assuming the Offering is fully subscribed, the Offer Shares represent approximately 49.8 per cent of all shares in the Company and prior to the Offering, and approximately 33.2 per cent of all shares in the Company after the completion of the Offering.

### Subscription Rights

Except as set out below, all shareholders of the Company registered in the Company's shareholders' register maintained by Euroclear Finland Oy ("Euroclear Finland") will receive one (1) subscription right in the form of a book-entry (the "Subscription Right") for each share of the Company owned on the record date of the Offering 20 November 2020 (the "Record Date"). No Subscription Rights will be allocated to the treasury shares of the Company. See "*Terms and Conditions of the Offering – Shareholders Resident in Certain Unauthorised Jurisdictions*".

The Subscription Rights will be registered on the shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland on 25 November 2020.

Two (2) Subscription Rights entitle to subscribe for one (1) Offer Share at the Subscription Price (as defined below) (the "Primary Subscription Right"). No fractions of the Offer Shares will be allotted and a Subscription Right cannot be exercised partially. If Offer Shares are not fully subscribed for pursuant to the Primary Subscription Right, the Company's shareholders and other investors have the right to subscribe for such Offer Shares without Subscription Rights (the "Secondary Subscription Right") at the Subscription Price (as defined below). Offer Shares remaining unsubscribed under the Primary Subscription Right and the Secondary Subscription Right may be directed for subscription as resolved by the Board of Directors. See also "*Terms and Conditions of the Offering – Participation of the Majority Shareholder in the Offering*" and "*Terms and Conditions of the Offering – Allocation of Offer Shares Subscribed for Without Subscription Rights*".

The Subscription Rights will be publicly traded on Nasdaq Helsinki Ltd ("Nasdaq Helsinki") from 25 November 2020 to 4 December 2020. If the Offering would be cancelled, the Subscription Rights could not be exercised and would have no value. See also "*Terms and Conditions of the Offering – Approval of Subscriptions and Publication of the Outcome in the Offering*" and "*Terms and Conditions of the Offering – Other Issues*" below in this section, as well as "*Plan of Distribution in the Offering*".

Upon expiry of the Subscription Period (as defined below), unexercised Subscription Rights will lapse and will be removed from the holders' book-entry accounts, without separate notification or compensation.

In order for the value of the Subscription Rights not to be lost, the holder must either:

- exercise the Subscription Rights to subscribe for the Offer Shares no later than on 10 December 2020, in accordance with instructions from the subscriber's account operator, custodian or nominee, noting that the last date to subscribe for the Offer Shares might be before 10 December 2020 as per instructions of the subscriber's account operator, custodian or nominee; or
- sell the Subscription Rights that are not to be exercised no later than on 4 December 2020, which is the last day for trading in Subscription Rights.

If shares in the Company entitling to Subscription Rights are pledged or subject to any other restrictions, such Subscription Rights may not necessarily be exercised without the consent of the pledgee or the holder of any other right.

### **Participation of the Majority Shareholder in the Offering**

Lehto Invest Oy, as a current shareholder in the Company whose Shares represents about 37.73 per cent of all issued and outstanding shares in the Company and the votes vested therein, has irrevocably committed to subscribe in full for Offer Shares allocated to it on the basis of Subscription Rights (the "**Subscription Commitment**"). For further information, see "*Plan of Distribution in the Offering*".

### **Subscription Price**

The subscription price is EUR 0.70 per Offer Share (the "**Subscription Price**").

The Subscription Price includes a discount customary for rights issues compared to the closing price of the Company's shares on Nasdaq Helsinki on the trading day immediately preceding the decision on the Offering. The Subscription Price shall be recorded in full into the invested unrestricted equity reserve of the Company.

### **Record Date**

The Record Date of the Offering is 20 November 2020.

### **Subscription Period**

The Subscription Period will commence on 25 November 2020 at 9:30 a.m. Finnish time and end on 10 December 2020 at 4:30 p.m. Finnish time (the "**Subscription Period**"). Places of subscription will accept subscription assignments during their normal business hours and

in accordance with their own instructions. The Board of Directors of the Company is entitled to extend the Subscription Period. Any extension will be announced by the Company through a stock exchange release no later than on 10 December 2020.

Places of subscription, i.e. account operators, custodians and nominees, may require their customers to submit subscription orders on specific dates and times before the trading in the Subscription Rights or the Subscription Period ends. Such dates and times may be different from the end in trading in Subscription Rights and the end of the Subscription Period.

### **Trading in Subscription Rights**

Holders of Subscription Rights may sell their Subscription Rights at any time during the public trading of the Subscription Rights. Public trading of the Subscription Rights on Nasdaq Helsinki will commence on 25 November 2020 at 10:00 a.m. Finnish time and ends on 4 December 2020 at 6:25 Finnish time. The price of the Subscription Rights on Nasdaq Helsinki will be determined in market trading. Subscription Rights may be sold or purchased by giving a sell or purchase order to one's own account operator, custodian, or to any other securities broker.

The ISIN code of the Subscription Rights on Nasdaq Helsinki is FI4000466289 and the trading code is LEHTOU0120.

### **Subscription for Offer Shares with Subscription Rights (Primary Subscription Right)**

#### *Directly Registered Shareholders*

A shareholder may participate in the Offering by subscribing for the Offer Shares by using the Subscription Rights on the shareholder's book-entry account and by paying the Subscription Price multiplied by the number of Offer Shares subscribed for. However, this shall not apply to shareholders who are resident in an Unauthorised Jurisdiction (as defined below, see "*Terms and Conditions of the Offering – Shareholders Resident in Certain Unauthorised Jurisdictions*"). Shareholders may be required in connection with any such subscription to certify that their place of residence is not in an Unauthorised Jurisdiction. In order to participate in the Offering, a shareholder must give a subscription order in accordance with the instructions provided by the shareholder's own account operator or custodian.

Holders of Subscription Rights purchased on Nasdaq Helsinki must submit their subscription orders in accordance with the instructions given and the deadlines set by their own book-entry account operator or custodian.

#### *Nominee-registered Shareholders*

Shareholders and other investors participating in the Offering, whose existing shares in the Company or Subscription Rights are held through a nominee, must submit their subscription orders in accordance with the instructions given by their nominee or, if the holding is registered with more than one nominee, through each nominee. Subscription and payment must be made in accordance with instructions from the nominee. Banks and other nominees are required to read and comply with the restrictions described in the section "*Important Information*" in the Offering Circular and in these terms and conditions under "*Terms and*

*Conditions of the Offering – Shareholders Resident in Certain Unauthorised Jurisdictions*". Banks, custodians and other nominees may be required in connection with any such subscription to certify that shareholders, on whose behalf they are holding the shares or Subscription Rights, are not in an Unauthorised Jurisdiction.

### ***General***

Subscriptions must be submitted separately for each book-entry account. Incomplete or incorrect subscriptions may be rejected. A subscription may be rejected if the subscription payment is not made according to these terms and conditions or if such payment is incomplete. In these situations, the subscription payment will be refunded to the subscriber. No interest will be paid on the refunded amount.

Any unexercised Subscription Rights will expire without any compensation at the end of the Subscription Period on 10 December 2020 at 4:30 p.m. Finnish time.

The Offer Shares subscribed for with Subscription Rights will be recorded on the subscriber's book-entry account on or about 18 December 2020.

### ***Payments for the Subscriptions***

The Subscription Price of the Offer Shares subscribed for in the Offering shall be paid in full in euros at the time of submission of the subscription order in accordance with the instructions given by the account operator or the custodian.

A subscription will be deemed effected only after the arrival of the subscription form at the relevant account operator or custodian and of the payment of the Subscription Price in full.

### ***Interim Shares***

The Offer Shares subscribed for pursuant to the exercise of the Subscription Rights will be recorded on the subscriber's book-entry account as Interim Shares representing the Offer Shares (the "**Interim Shares**") after the subscription has taken place.

The Interim Shares are freely transferable and subject to trading on Nasdaq Helsinki as a separate class of securities beginning from the first trading day following the end of the Subscription Period, i.e. on or about 11 December 2020. The ISIN code of the Interim Shares on Nasdaq Helsinki is FI4000466271 and the trading code is LEHTON0120.

The Interim Shares are combined with the existing shares of the Company (ISIN Code FI4000081138, trading code LEHTO) after the Offer Shares have been registered with the Finnish Trade Register. Such combination is expected to occur on or about 18 December 2020.

In case the Offering is cancelled, the Subscription Price will be refunded to the subscribers or the holders of the Interim Shares. No interest will be paid on the refunded amount. See also "*Terms and Conditions of the Offering – Withdrawal of Subscriptions in Certain Circumstances*" and "*Plan of Distribution in the Offering*".

## **Subscription for Offer Shares without Subscription Rights (Secondary Subscription Right)**

Subscription for the Offer Shares without Subscription Rights shall be effected by a shareholder and/or other investor by submitting a subscription assignment and simultaneously paying the Subscription Price in accordance with the instructions provided by their book-entry account operator, custodian, or in case of nominee-registered holders, in accordance with instructions provided by the nominee. It may not be possible to provide a subscription on the basis of the Secondary Subscription Right via an equity savings account (the Act on Equity Savings Accounts, 680/2019, as amended) through certain account operators. In such case, investors should provide the secondary subscription via another book-entry account than the equity savings account.

The subscription assignment and payment shall be received by the shareholder's and/or investor's account operator, custodian or nominee on 10 December 2020 at the latest or on an earlier date in accordance with instructions by the book-entry account operator, custodian or nominee.

If several subscription orders are submitted in relation to a single book-entry account, the orders will be considered as one order per book-entry account. The Offer Shares subscribed without Subscription Rights will be recorded on the subscriber's book-entry account as shares on or about 18 December 2020.

If the allocation of Offer Shares subscribed for without Subscription Rights does not correspond to the amount of Offer Shares indicated in the subscription assignment, the Subscription Price paid for non-allocated Offer Shares will be refunded to the subscriber from about 18 December 2020. No interest will be paid on the refunded amount.

## **Approval of Subscriptions and Publication of the Outcome in the Offering**

The Board of Directors of the Company will approve subscriptions pursuant to the Subscription Rights made in accordance with these terms and conditions of the Offering and applicable laws and regulations on or about 16 December 2020. In addition, the Board of Directors of the Company will, in accordance with the allocation principles set out below in "*Terms and Conditions of the Offering – Allocation of Offer Shares Subscribed for Without Subscription Rights*", approve subscriptions without Subscription Rights made in accordance with these terms and conditions of the Offering and applicable laws and regulations. The Board of Directors may also decide not to approve the subscriptions and not to carry out the Offering if the Board of Directors concludes that carrying out the Offering is not in the Company's interest. In such an event, the Subscription Price will be refunded to the holders of Interim Shares and the Subscription Price paid for Offer Shares subscribed for without Subscription Rights will be refunded to persons that have subscribed for such Offer Shares. In the event the Offering is cancelled, the Subscription Rights cannot be exercised and have no value.

The Company will publish the final results of the Offering in a stock exchange release on or about 16 December 2020.

## **Allocation of Offer Shares Subscribed for Without Subscription Rights**

In the event that not all the Offer Shares have been subscribed for pursuant to the exercise of the Subscription Rights, the Board of Directors of the Company shall determine the

allocation of Offer Shares subscribed for without Subscription Rights (i.e. pursuant to the Secondary Subscription Right) as follows:

- first, to those that subscribed for Offer Shares also pursuant to Subscription Rights. If the Offering is oversubscribed by such subscribers, the allocation among such subscribers shall be determined per book-entry account in proportion to the number of Subscription Rights exercised by a subscriber for subscription of Offer Shares and, where this is not possible, by drawing of lots; and
- second, to those that have subscribed for Offer Shares without Subscription Rights only and, if the Offering is oversubscribed by such subscribers, the allocation among such subscribers shall be determined per book-entry account in proportion to the number of Offer Shares which such subscribers have subscribed for and, where this is not possible, by drawing of lots.

If all the Offer Shares are not subscribed for based on the Primary Subscription Right or, thereafter, on the Secondary Subscription Right, the remaining Offer Shares may be allocated for subscription in a manner decided by the Board of Directors by 18 December 2020. The Board of Directors will decide on the means of subscription, the subscription period and the term of payment for the Offer Shares allocated in this manner.

### **Withdrawal of Subscriptions in Certain Circumstances**

Any exercise of the Subscription Rights is irrevocable and may not be modified or cancelled other than as set forth below.

In the event that the Finnish language prospectus relating to the Offering (the "**Finnish Prospectus**") is supplemented in accordance with the Regulation (EU) No. 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**") due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Offer Shares or the Interim Shares, investors who have subscribed for Offer Shares before the supplement is published shall have the right to withdraw their subscriptions during a withdrawal period. Such withdrawal period shall last for at least two working days from the publication of the supplement. The withdrawal right is further conditional on that the significant new factor, material mistake or material inaccuracy referred to above arose or was noted prior to the end of the Subscription Period or the delivery on the book-entry account of the subscriber of the Offer Shares or the Interim Shares which are subject to the withdrawal (whichever occurs earlier).

The procedure regarding the withdrawal of the subscriptions will be announced together with any such supplement to the Finnish Prospectus and its English translation as a supplement to this Offering Circular through a stock exchange release. Any withdrawal of a subscription shall relate to the entire subscription of the investor. The withdrawal must be made in writing at the account operator, custodian or nominee in which the subscription order was given.

After the end of the withdrawal period, the right of withdrawal will lapse. Where a subscription is withdrawn, the Subscription Price paid will be returned to the subscriber within approximately two business days from withdrawal. No interest will be paid on the funds returned. If the holder of a Subscription Right or an Interim Share has sold or

otherwise transferred the Subscription Right or the Interim Share, such sale or transfer cannot be withdrawn.

### **Shareholders Resident in Certain Unauthorised Jurisdictions**

The granting of Subscription Rights to shareholders resident in countries other than Finland and the issuance of the Offer Shares through exercise of Subscription Rights to persons resident in countries other than Finland may be affected by securities legislation in such countries. Consequently, subject to certain exceptions, shareholders whose existing shares are directly registered on a securities account and whose registered address is in the United States, Canada, Australia, Hong Kong, South Africa, Singapore, Japan, New Zealand or any other jurisdiction in which participation in the Offering would not be permissible (the "**Unauthorised Jurisdictions**"), may not receive any Subscription Rights and will not be allowed to subscribe for the Offer Shares. In Finland, each such shareholder registered in the Company's shareholders' register or any beneficial owner with a registered address in an Unauthorised Jurisdiction acting through a bank, nominee, custodian or other financial intermediary through which its shares are held, may consider selling any and all Subscription Rights held for its benefit to the extent permitted under their arrangements with such persons and applicable law and receiving the sales proceeds (less deduction of costs) on their account.

### **Trading in Offer Shares**

Trading in the Offer Shares registered with Euroclear Finland commences on Nasdaq Helsinki on or about 18 December 2020.

### **Shareholders' Rights**

The Offer Shares will entitle their holders to possible dividend and other distribution of funds, if any, and to other shareholder rights in the Company after the Offer Shares have been registered with the Finnish Trade Register, on or about 17 December 2020 and in the Company's shareholder register maintained by Euroclear Finland on or about 18 December 2020. Each Offer Share entitles its holder to one vote at the General Meeting of Shareholders of the Company.

### **Costs and Expenses**

No fees or expenses will be charged for the subscription of Offer Shares, and no transfer tax is payable for the subscription of Offer Shares. Account operators, custodians or securities brokers who execute subscription assignments relating to the Subscription Rights may charge a commission in accordance with their own tariffs. Account operators and custodians may also charge a fee in accordance with their tariffs for the maintenance of a book-entry account and the custody of the shares. See also "*Taxation*".

### **Applicable Law and Dispute Resolution**

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by the court of competent jurisdiction in Finland.

In case of any discrepancies between the original Finnish language version and the English language translation of these terms and conditions, the Finnish language version shall prevail.

## **Other Issues**

Documents referred to in Chapter 5 Section 21 of the Finnish Limited Liability Companies Act (624/2006, as amended) are available for review at the website of the Company at [www.lehto.en/rightsissue](http://www.lehto.en/rightsissue).

Other issues and practical matters relating to the Offering will be resolved by the Board of Directors of the Company. The Board of Directors may resolve not to accept subscriptions, including the subscriptions made with Subscription Rights, and not to carry out the Offering, if the Board of Directors would conclude that carrying out the Offering is not in the Company's interest. See also "*Plan of Distribution in the Offering*".

By subscribing for the Offer Shares in the Offering, the subscriber authorises their account operator, custodian or nominee to disclose necessary personal data, the number of their book-entry account and the details of the subscription to the parties involved in the processing of the subscription order or the execution of the assignment to allocate and settle the Offer Shares.