

LEVERATOR PLC INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2015**Business**

Leverator Plc's (Leverator) business consists of the issue of bonds and the grant of loans to CapMan Mezzanine IV L.P. mezzanine fund (CMM IV). Leverator's result is formed by the difference between interest received from CMM IV's loans and interest paid to bondholders. The issued bonds are listed on the Helsinki Exchanges (Nasdaq OMX Helsinki).

Bonds

Leverator has issued a serial loan with a fixed coupon interest of 8.162%. The bonds were issued in five tranches in accordance with the loan capital needed by CMM IV, and investors subscribed all five tranches according to their commitments. The final size of the bond totalled MEUR 192 on 18 June 2009. The loan matures on 21 June 2016. Leverator has a call option to repay the bonds or part thereof not earlier than 22 June 2009.

The outstanding bond loan totalled EUR 70,313,856 on 30 September 2015. Leverator did not repay any instalments of the bond in the review period.

Issued tranches and Leverator's financial performance**Issued tranches** (trading code LEVJ816216)

| Tranche | Issue date | Size of the tranche, MEUR | Date of listing | Subscription price, % |
|-------------|---------------|---------------------------------|-----------------|--------------------------|
| 1st tranche | 12 July 2004 | 8.0 | 13 July 2004 | 100.00 |
| 2nd tranche | 5 June 2006 | 40.0 | 13 June 2006 | 99.137 |
| 3rd tranche | 28 March 2007 | 48.0 | 13 April 2007 | 98.290 |
| 4th tranche | 28 April 2009 | 36.0 | 5 May 2009 | 97.389 |
| 5th tranche | 18 June 2009 | 60.0 | 25 June 2009 | 98.468 |

Leverator's turnover for the review period was EUR 0, because the Company's interest earnings and interest expenses are presented as financial items in the income statement. Leverator's operating loss was EUR 38,525 (EUR 43,298 for the review period 1 January – 30 September 2014) and financial income and expenses totalled EUR 131,838 (EUR 162,714). The result for the review period was EUR 74,651 (EUR 95,533).

Leverator's solvency and risks

The security for the bonds is Leverator's receivable from CMM IV. The security for this receivable to Leverator is CMM IV's mezzanine loan receivables from portfolio companies as well as associated options and portfolio company shares that are possibly subscribed on the basis of those options.

Leverator's solvency to pay the bonds' interest and principal is based on CMM IV's solvency to pay the loan receivable and interest to Leverator. CMM IV's solvency is dependent on its mezzanine loan receivables from portfolio companies and on the value of associated options or shares as well as on CMM IV's right to call the commitments and clawback of the Fund's Limited Partners. The most significant risks or uncertainty factors in Leverator's operations are that the portfolio companies would not be able to pay their debt to the fund, that the fund's Limited Partners would not fulfil their obligations in accordance with fund agreement or that the fund's solvency would be put at risk due to some other cause.

An examination of CMM IV's solvency to manage the loan receivable to Leverator is first carried out in order to determine Leverator's solvency.

CMM IV's solvency 30 September 2015

| | MEUR |
|---|-------------|
| Outstanding balance to Leverator | 70.3 |
| CMM IV's mezzanine loans and associated options and shares: | |
| - acquisition cost* | 39.8 |
| - value appreciation* | -1.5 |
| Net cash assets | |
| - bank deposits | 1.8 |
| - accumulated interest receivables** | 0.5 |
| - Leverator/accumulated interest | -1.6 |
| Commitments at call from Limited Partners | 9.6 |
| Clawback at call | 10.9 |
| Total | <u>59.5</u> |

* Figures by CMM IV's management company, as reported or with a discount.

** Excludes interest receivables that are outstanding or have accumulated that are not booked in the Fund's accounts because of the uncertainty whether they can be collected.

CMM IV's financial assets were €10.8 million below the total loan receivables of Leverator on 30 September 2015 and therefore the latter's receivable due from CMM IV presented below cannot be booked in full. CMM IV's financial assets were €10.7 million below the total loan receivables of Leverator on 30 June 2015 and €6.2 million below on 30 September 2014.

According to the management company the targeted exit valuations of CMM IV fund's mezzanine loans and associated options and shares are higher than their current valuation, and therefore the fund may potentially be able to pay back the loan to Leverator Plc. Given the current market conditions, it is very unlikely that the value of the fund's portfolio in June 2016, in addition to commitments at call from Limited Partners, would be sufficient for the fund to meet its obligations to Leverator in full, unless an extension is granted to the loan beyond the maturity of 21 June 2016. Moreover and due to the requirement from the senior lenders, CMM IV has been required to partly convert its loans to portfolio companies into preferred shares and extend the loan terms of the remaining loans to portfolio companies beyond the maturity of the bond. The delayed repayment of the loan would in turn lead to inability of Leverator Plc to repay the bond by its maturity.

Due to the above mentioned reasons, Leverator Plc has on behalf of CMM IV initiated negotiations about the extension of the maturity of both the loan from Leverator to CMM IV as well as the bond issued by Leverator with an aim to postpone the final loan payments by two years i.e. no later than 21 June 2018. Leverator has requested its security agent Danske Bank to facilitate the process of

extending the bond's maturity. An extension requires approval from all bond holders. Leverator aims to work out a solution together with the fund and bond holders without undue delay before the maturity of the bond.

The values given above are reported by CMM IV's management company. The management company's assessment of the value appreciation of mezzanine loans and associated options and shares is based on reporting principles common to the private equity industry. These principles aim at take into account risk factors caused by the general economic environment. The amount of commitments and clawback that the fund has a right to call from the Fund's Limited Partners is based on CMM IV's fund agreement.

Leverator's solvency 30 September 2015

| | MEUR |
|---|--------------|
| Balance of bonds at nominal value | 70.3 |
| Leverator's receivable from CMM IV at nominal value | 70.3 |
| Net cash assets | 1.1 |
| CMM IV's solvency deficit | <u>-10.8</u> |
| Total | 60.6 |

At current value Leverator's solvency is below the balance of the bonds'.

Leverator's more detailed financial position is presented in the income statement, balance sheet, statement of changes in equity and cash flow statement in Appendix 1. There are no exceptional liabilities of Leverator or CMM IV in the knowledge of Leverator's Board of Directors that should be considered in the above calculations.

Leverator's ownership

The owners of Leverator Plc are CapMan Plc, Etera Mutual Pension Insurance Company, Foundation for Economic Education, Ilmarinen Mutual Pension Insurance Company, OP Life Assurance Company Ltd, Pharmacy Pension Fund, Mandatum Life Insurance Company Limited, Varma Mutual Pension Insurance Company and Yleisradio Pension Fund with equal holdings.

Leverator's Board of Directors

On 7 May 2015 the shareholders of Leverator Plc elected the following members to the Company's Board of Directors: Mr Tatu Hemmo, Mrs Nina Härkönen, Mr Staffan Jåfs, Mr Harri Lemmetti, Mr Olli Liitola, Mr Tommi Mäkelä, Mrs Katja Salovaara, Mr Jari Pussinen, and Mr Kyösti Ylikortes. The members elected Mr Tatu Hemmo as Chairman of the Board.

Specified future outlook

Developments in the general market environment in the next few years may continue to cause difficulties in the ability of fund's portfolio companies to pay interest on their mezzanine loans and repay principal to the fund in accordance with original loan terms. Restrictions in the portfolio companies' senior loan agreements may in certain cases prevent the companies from meeting their interest payments in accordance with the original loan terms during 2015 and 2016. The aforementioned issues might, in turn, weaken the fund's ability to meet its debt to Leverator Plc in full, which would affect Leverator Plc's solvency. It is possible that the fund's solvency weakens further during 2015 and 2016.

According to the management company the targeted exit valuations of CMM IV fund's mezzanine loans and associated options and shares are higher than their current valuation, and therefore the fund may potentially be able to pay back the loan to Leverator Plc. Given the current market conditions, it is very unlikely that the value of the fund's portfolio in June 2016, in addition to commitments at call from Limited Partners, would be sufficient for the fund to meet its obligations to Leverator in full, unless an extension is granted to the loan beyond the maturity of 21 June 2016. Moreover and due to the requirement from the senior lenders, CMM IV has been required to partly convert its loans to portfolio companies into preferred shares and extend the loan terms of the remaining loans to portfolio companies beyond the maturity of the bond. The delayed repayment of the loan would in turn lead to inability of Leverator Plc to repay the bond by its maturity.

Due to the above mentioned reasons, Leverator Plc has on behalf of CMM IV initiated negotiations about the extension of the maturity of both the loan from Leverator to CMM IV as well as the bond issued by Leverator with an aim to postpone the final loan payments by two years i.e. no later than 21 June 2018. Leverator has requested its security agent Danske Bank to facilitate the process of extending the bond's maturity. An extension requires approval from all bond holders. Leverator aims to work out a solution together with the fund and bond holders without undue delay before the maturity of the bond.

It is probable that Leverator Plc's interest earnings will cover its interest payable and other expenses in 2015 and 2016.

Leverator Plc will publish its Financial Statements Bulletin 1 January–31 December 2015 on 4 February 2016.

Helsinki 5 November 2015

LEVERATOR PLC

Board of Directors

For further information, please contact:

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DISTRIBUTION

NASDAQ OMX Helsinki

Principal media

Bondholders

www.leverator.fi

APPENDIX 1. Income statement, balance sheet, statement of changes in equity and cash flow statement

The Interim Report 1 January–30 September 2015 has been prepared in compliance with International Financial Reporting Standards (IFRS) and the accounting principles applied are the same as in the financial statements for 2014. The information presented is unaudited.

LEVERATOR PLC

INCOME STATEMENT, IFRS

| EUR | 1.7.- 30.9.2015 | 1.1.- 30.9.2015 | 1.7.- 30.9.2014 | 1.1.- 30.9.2014 | 1.1.- 31.12.2014 |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Turnover | 0 | 0 | 0 | 0 | 0 |
| Personnel expenses | 0 | 0 | 0 | 0 | -26,400 |
| Other operating expenses | -7,315 | -38,525 | -15,133 | -43,298 | -56,679 |
| Operating loss | -7,315 | -38,525 | -15,133 | -43,298 | -83,079 |
| Financial income and expenses | 43,946 | 131,838 | 43,946 | 162,714 | 206,740 |
| Profit before taxes | 36,631 | 93,313 | 28,813 | 119,416 | 123,661 |
| Income taxes | -7,326 | -18,663 | -5,763 | -23,883 | -25,350 |
| Profit for the financial year | 29,305 | 74,651 | 23,050 | 95,533 | 98,311 |

Total comprehensive income, IFRS

The company does not have items included in comprehensive income.

Earnings per share:

| | | | | | |
|-----------------------|---------------|---------------|--------|--------|--------|
| Earnings per share, € | 0.0285 | 0.0726 | 0.0224 | 0.0929 | 0.0956 |
|-----------------------|---------------|---------------|--------|--------|--------|

LEVERATOR PLC**BALANCE SHEET, IFRS**

| EUR | 30/09/2015 | 30/09/2014 | 31/12/2014 |
|---------------------------------|------------|------------|------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investments | 70,313,856 | 70,313,856 | 70,313,856 |
| Other investments | 70,313,856 | 70,313,856 | 70,313,856 |
| Total non-current assets | | | |
| Current assets | | | |
| | 1,666,674 | 1,673,296 | 27,418 |
| Current receivables | 1,028,048 | 943,996 | 998,426 |
| Cash and bank | | | |
| Total current assets | 2,694,722 | 2,617,292 | 1,185,317 |
| TOTAL ASSETS | 73,008,578 | 72,931,148 | 71,499,173 |
| EUR | 30/09/2015 | 30/09/2014 | 31/12/2014 |

SHAREHOLDERS' EQUITY AND LIABILITIES**Shareholders' equity**

| | | | |
|-----------------------------------|-----------|-----------|-----------|
| | 102,857 | 102,857 | 102,857 |
| Share capital | 938,984 | 840,673 | 840,673 |
| Retained earnings | 74,651 | 95,532 | 98,311 |
| Profit for the financial year | | | |
| Total shareholders' equity | 1,116,492 | 1,039,062 | 1,041,841 |

Liabilities

| | | | |
|---|------------|------------|------------|
| Non-current liabilities | 70,313,856 | 70,313,856 | 70,313,856 |
| Current liabilities | 1,578,230 | 1,578,230 | 143,475 |
| Total liabilities | 71,892,086 | 71,892,086 | 70,457,331 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 73,008,578 | 72,931,148 | 71,499,173 |

LEVERATOR PLC

STATEMENT OF CHANGES IN EQUITY, IFRS

| | Share capital | Other reserves | Retained earnings | Total equity |
|------------------------------|---------------|----------------|-------------------|--------------|
| Equity on 31.12.2014 | 102,857 | 0 | 938,984 | 1,041,841 |
| Profit for the review period | | | 74,651 | 74,651 |
| Equity on 30.9.2015 | 102,857 | 0 | 1,013,635 | 1,116,492 |

| | Share capital | Other reserves | Retained earnings | Total equity |
|------------------------------|---------------|----------------|-------------------|--------------|
| Equity on 31.12.2013 | 102,857 | 0 | 840,673 | 943,530 |
| Profit for the review period | | | 95,532 | 95,532 |
| Equity on 30.9.2014 | 102,857 | 0 | 936,205 | 1,039,062 |

LEVERATOR PLC

CASH FLOW STATEMENT, IFRS

| EUR | 1-9/2015 | 1-9/2014 | 1-12/2014 |
|--|------------------|--------------------|--------------------|
| Cash flow from operations | | | |
| Operating profit | 74,651 | 95,532 | 98,311 |
| Other adjustments to operating profit | -132,921 | -183,230 | -219,551 |
| Interest paid | -2,869,508 | -3,930,579 | -6,800,087 |
| Interest received | 2,957,401 | 4,050,972 | 7,008,453 |
| Cash flow from operations | 29,622 | 32,694 | 87,125 |
| Cash flow from investments | | | |
| Change in long-term loan receivables | 0 | 26,000,256 | 26,000,256 |
| Cash flow from investments | 0 | 26,000,256 | 26,000,256 |
| Financial cash flow | | | |
| Change in long-term liabilities | 0 | -26,000,256 | -26,000,256 |
| Financial cash flow | 0 | -26,000,256 | -26,000,256 |
| Change in cash funds | 29,622 | 32,694 | 87,125 |
| Cash funds at start of the period | 998,426 | 911,301 | 911,301 |
| Cash funds at end of the period | 1,028,048 | 943,995 | 998,426 |