



# Investment Memorandum

RUOTO INVEST OY & RUOTO OY



**The biggest fishing and hunting store in Finland**

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# 1. Introduction

## 1.1 Statement from the CEO

*"Fishing and hunting are among the most popular hobbies in Finland. More than 1.5 million Finns mention recreational fishing as their hobby.*

*The retailing sector has long relied on small specialty stores and general department stores selling fishing and hunting gear alongside other products. At Ruoto, we focus heavily on large Ruoto Mega Stores, top-class customer service with strong expertise, and a modern e-commerce experience.*

*Ruoto is a combination of a specialty Ruoto Mega Stores and an online store, offering fishing and hunting enthusiasts a selection of more than 50,000 products. At the moment, our services are available in three locations and we employ nearly 40 top professionals in the field.*

*With this financing, we seek to further enhance the company's growth through the opening of new stores, the development of e-commerce and, possibly, acquisitions."*

--- Joonas Oksanen, Founder & CEO

## 1.2 Reasons to invest



**High growth** – Ruoto is a high-growth company with an average revenue growth of 91.6% in 2019–2021. Ruoto's scalable business concept enables significant growth potential in the coming years.



**Good profitability** – The profitability of Ruoto's business has been good; EBITDA in 2021 was 10.2% and the Company aims for profitable growth, which will bring a significant increase in value for investors in the future, as well.



**Scalable business model** – The Ruoto Mega Store specialist store concept is unique, and the business model can be scaled up and extended to other Nordic countries.



**Clear growth strategy** – Ruoto has also been able to significantly grow its online store and operates efficiently online. The Company is the market leader in the online trade of hunting and fishing equipment in Finland and aims to be the market leader in Northern Europe.



**The market for fishing and hunting products** is highly fragmented, and a strong player such as Ruoto can increase its market share through professional management and consolidate the market through acquisitions.



**Ruoto has a qualified and devoted management.** Ruoto invests heavily in professional staff and good service and strives for a responsible way of operating. Ruoto has an exemplary administration and ownership policy.

## 2. Overview

### 2.1 Ruoto Oy

Ruoto Oy (“Ruoto”) is Finland’s largest retail and online store specializing in fishing and hunting products. Ruoto has developed a strong, growing business concept based on high-quality Ruoto Mega Stores and an efficient online store that reaches a wide range of customers. Ruoto Group consists of Ruoto Oy and Ruoto Invest Oy, which is the Group’s parent company.

Ruoto’s competitive advantage is built on skilled and committed staff and professional management. All staff members are passionate fishing and hunting enthusiasts. The Company employs, for example, a member of the clay shooting national team, a world champion in fly tying, and many other sport shooters as well as competing anglers.

Ruoto’s customers are fishing and hunting enthusiasts. Fishing is one of the most popular leisure activities in Finland and one of the cornerstones of national identity. Every year, about 1.5 million people fish in Finland (source: [www.mmm.fi/kalat/vapaa-ajankalastus](http://www.mmm.fi/kalat/vapaa-ajankalastus)). In addition, more than 300,000 Finns pay an annual game management fee, which is required for a hunting permit.

Ruoto is a high-growth company. The Company’s business has strong growth in 2019–2021. In 2019, the Company’s revenue was EUR 3.8 million and in 2021, EUR 14.3 million. The revenue has grown by an average of 91.6 % per year and Ruoto aims for continuous growth in 2022 and beyond. Revenue in 2022 is expected to be EUR 20–23 million. The Company’s goal over the next three years is to grow profitably and reach a revenue of more than EUR 30 million. The Company’s profitability has been good, and its EBITDA in 2021 was EUR 1.46 million (10.2%). Ruoto aims for an EBITDA of EUR 2.0–2.5 million in 2022.

Ruoto Invest Oy seeks equity financing with a EUR 3.6 million share issue. The capital will be used for implementing the Group’s growth strategy. The equity may be used for implementing new store concepts, financing working capital for growth or acquisitions.

Ruoto Invest Oy’s current owners and Board members have significant experience investing in private companies and their business development. The “exit track record” of the owners’ previous investments and the performance in developing previous investments are high. The members of the Board have also experience in IPO listing arrangements for companies of different sizes. The current owners will subscribe for 15–36% of the share issue, depending on the number of new shares (the subscription amount is EUR 540,000).

#### Company information

**Company:** Ruoto Invest Oy & Ruoto Oy  
**Chief executive officer:** Joonas Oksanen  
**Website** [www.ruoto.fi](http://www.ruoto.fi)  
**Revenue:** EUR 14.3 million (2021)

**Founding year:** 2012 (Ruoto Oy)  
**Number of employees:** 37  
**Industry:** Retail sale of sporting equipment  
**Business ID:** 3252926-7 & 2517147-1

## 2.2 Our story

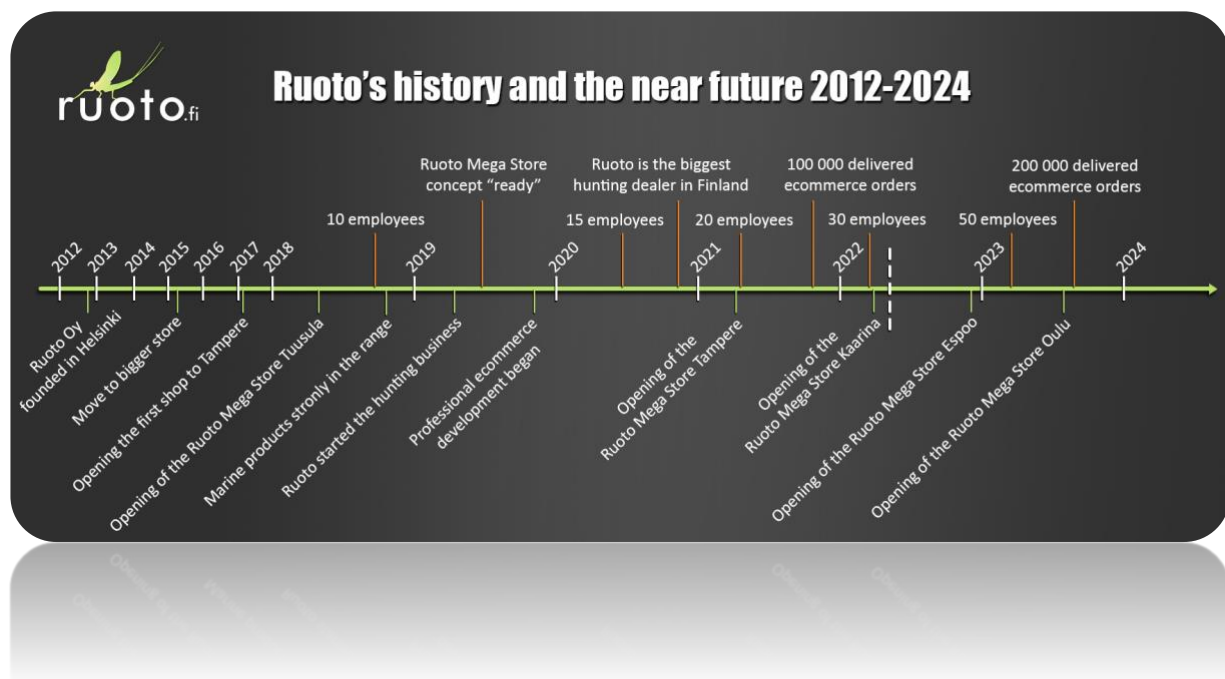
Ruoto was founded in 2012. The original idea of founder Joonas Oksanen was to offer the best fly fishing product range with the best customer service in Finland. Even during the first year, the product range expanded to include spin fishing products. Soon, the goal evolved to become Finland's leading fishing and hunting specialty store chain with the most professional staff possible.

The first Ruoto Mega Store of 1,700 m<sup>2</sup> opened in Tuusula in 2018. With the Mega Store concept, the product range was extended to include marine and hunting products. Today, the Tuusula Mega Store is Finland's largest hunting and fishing store, offering a selection of more than 50,000 different products.

Ruoto's growth is based on the opening of new Mega Stores and the development of the online store in recent years. After Tuusula, the Company has opened two Mega Stores, one in Tampere and one in the Turku region. At the same time, transactions through the Company's online store have increased from 10,393 (2019) to 31,592 (2021). The revenue of e-commerce has increased by 304% from 2019 to 2021. The growth is expected to continue in 2022 and beyond.

In the future, Ruoto Group will invest in the development of both business models and seek a balance between in-store and e-commerce sales. Ruoto's goal is to open 1–2 new stores a year and bring new store concepts to the market. Another goal is to actively invest in e-commerce.

In addition to normal organic growth, Ruoto Invest Oy is actively exploring opportunities to make acquisitions in both of its business segments. Acquisitions may be targeted at existing stores and their remodeling to Ruoto's business model. Acquisitions may also be targeted at e-commerce operators. Through acquisitions, Ruoto Group would be able to expedite its growth.



## 3. The market

### 3.1 Market demand

#### Fishing

The popularity of fishing is growing again after many years. Fishing has become more popular, in particular, among young people and over 40-year-olds. The number of specialist fishing fields is also increasing. These vary, for example, in terms of the target catch, the season and the environment. More specialized ways of fishing have increased the overall interest in fishing among different consumers. Recreational fishing is the most popular nature activity among Finns.

For some enthusiasts, fishing is more of a recreational hobby. On the other hand, some of the enthusiasts are more professional, and their investments in equipment are significant. Due to the growing number of anglers who take the hobby seriously, fishing has become more technical. At the same time, customers spend more money on fishing equipment and electronics and other more advanced products have become more common. This has steadily increased the size of an enthusiast's average purchases and the sales of accessories. For this reason, the Finnish market has grown significantly and the growth is expected to continue.

Fishing methods are largely determined by geographical reasons. In **Sweden**, fishing is very similar to Finland. In southern Sweden, the open water season is slightly longer than in Finland. The products sold in Sweden are largely from the same manufacturers as in Finland. According to statistics, 1.7 million Swedes aged 16–80 were involved with recreational fishing in Sweden in 2020 (source: [www.havochvatten.se](http://www.havochvatten.se)).

**Norway** is clearly geographically different from Finland. In Norway, salmon fishing is practiced with both fly and spin fishing gear, and a large number of Finnish consumers also travel to Norway every year to fish. In Norway, also arctic char and trout are common catches in the northern mountain lakes. However, a significant part of Norwegian fishing is deep-sea fishing, which is why the Norwegian market clearly differs from Finland and Sweden. Due to different fishing methods, the brands sold in Norway also differ from the most popular brands in the neighboring countries.

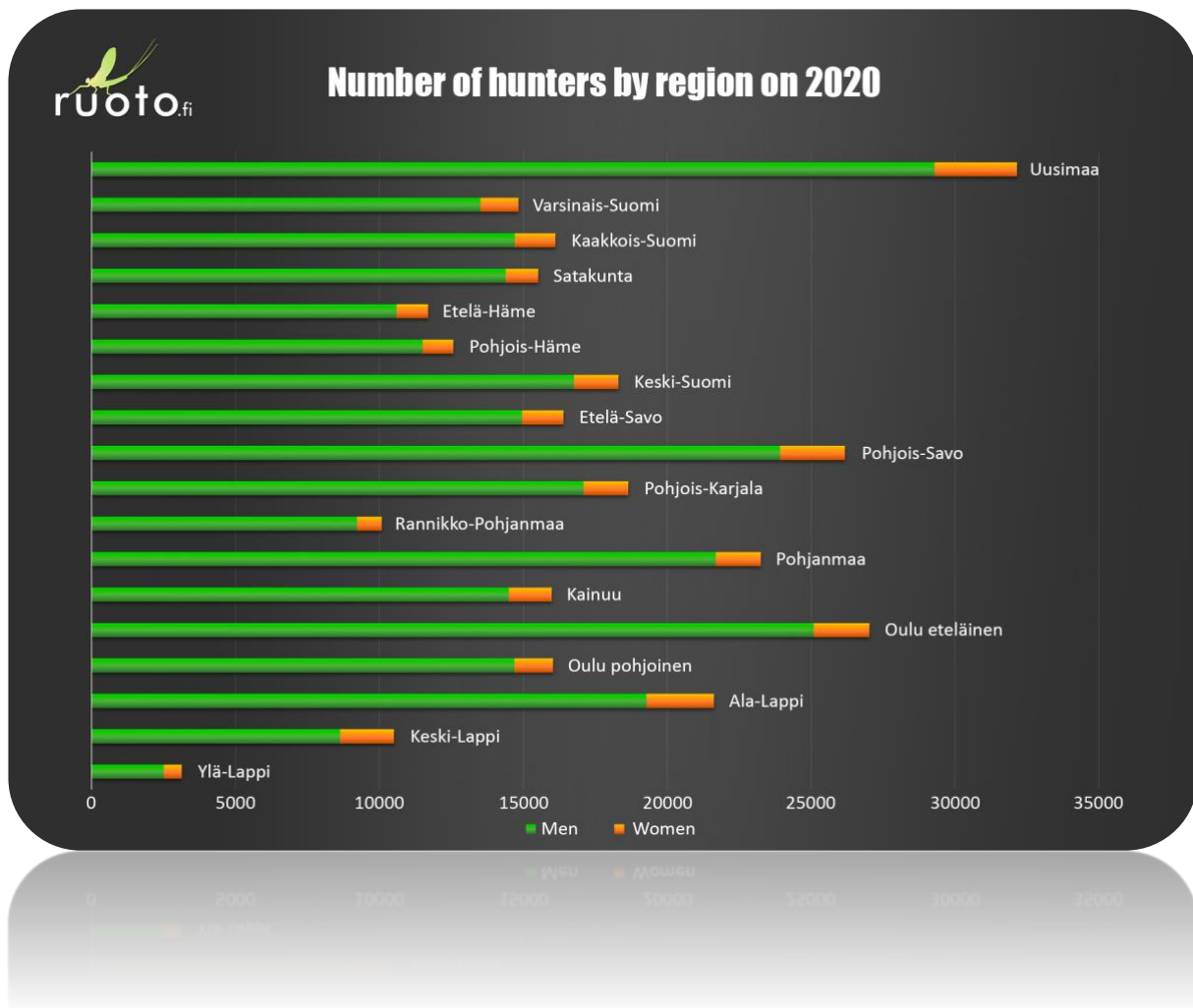




## Hunting

More than 300,000 people pay for a hunting license in Finland every year. The share of hunters within the overall population is higher in Finland than in other European countries. In Finland, recreational hunting has been easily accessible to ordinary citizens.

Hunting has remained a common and respected hobby with a high social acceptability. Although Finnish habits of outdoor activities have changed over the years in a more hobby-oriented direction, hunting still plays an important role for those who practice it, their families and society. Belonging to a hunting club gives a strong sense of community and social contacts. Hunting is also divided into different types. For example, moose and deer hunting differs from bird hunting where the most typical subtypes are waterfowl and pheasant hunting.



In Sweden, hunting practices are largely similar to those in Finland and there are about 300,000 hunting enthusiasts in Sweden. The wild boar, which has become significantly more widespread in Sweden in recent decades, has formed a major new market segment alongside traditional game species. Correspondingly, whitetail deer of American origin, which were once imported to Finland and have become widespread in Finland, are not found in Sweden. The major difference between the two markets is the popularity of whitetail deer hunting in Finland compared to wild boar hunting in Sweden. For this reason, the products sold on these markets differ slightly, and the difference is the most obvious in the case of rifles.

The product range and market habits in hunting have been largely driven by local manufacturers of weapons and cartridges. Unlike fishing equipment, hunting products have a lot of local production in both Finland and Sweden in terms of weapons and cartridges. The history of these traditional manufacturers can still be seen in the habits of Finnish and Swedish hunting enthusiasts.

Attitudes towards nature as well as outdoor activities have changed. People have become more aware of the benefits of nature and being outdoors for human health and well-being in recent years. Nature has an extremely positive effect on physical, mental and social well-being.

### **3.2 Market size of fishing and hunting products**

Annual sales of fishing products in the Finnish market are estimated at EUR 100–120 million. The market for hunting products is estimated at EUR 80–100 million. The figures include the sales of various fishing-related accessories.

Historically, the retail market for fishing and hunting products has been highly fragmented. The products, fishing products in particular, were typically sold by small specialty stores with a small personnel. In addition, the market share of general sports equipment stores and department store chains that sell general goods has been substantial.

In Sweden, the market situation in fishing has been very similar for a long period of time. However, in Sweden the market has remained even more strictly in the hands of small specialized retailers. Unlike in Finland, department store chains in Sweden have not invested significantly in fishing gear. Ruoto's management estimates that Swedish consumers spend more money on their fishing hobby than Finns and the market size in Sweden is more than double compared to the Finnish market.

In Finland, the sale of hunting weapons and cartridges is subject to a permit. Similarly to the fishing market, sales are also concentrated on small retailers and often, the supply of these retailers does not cover the wider demand related to hunting. Many small specialty stores in the industry are only retailers of weapons, cartridges and weapon accessories. Therefore, these stores not an attractive option for an enthusiast who needs a wide range of equipment for their hobby.

Due to the permit requirement, the hunting equipment trade has remained largely in the hands of specialty stores. A few department store chains have also experimented with the sales of licensed hunting equipment. However, hunting clothing is the only area of sales where the larger chains play a significant role in the Finnish market.

In Sweden, the sales of hunting equipment are divided between different retailers in a similar way as in Finland. Sweden also has franchising companies. The whole hunting and fishing gear market in Northern Europe serves as a great growth opportunity for Ruoto Group.

In Finland, the extension of fishing rights and the opening of fishing that used to be limited to private waters (in 1997) have had a positive impact on the demand for fishing products and the expansion of the market. Although nowadays fishing gear is also sold online, the major part is still sold at brick-and-mortar stores. Many enthusiasts want to go to a large store to compare products and get expert guidance. In addition to sales at physical stores, e-commerce offers a significant growth opportunity for Ruoto Group.

However, the fishing equipment market is clearly changing. Small fishing retailers have constraints to invest in large and valuable inventory that is needed to maintain an extensive and competitive product range. Fishing has become significantly more specialized in terms of gear and other supplies. Satisfying the

customers' product needs and the importance of service have become clearly more important in the industry. The change in demand favors companies that offer a wide and high-quality product range and expert service.

Similar market dynamics can also be seen in the area of hunting products. On the hunting market, the role of large stores is even more important, as a large share of the hunting equipment sales is subject to licensing. Licensing does not favor easy and effortless online shopping.

### 3.3 Market structure of fishing and hunting products

According to Ruoto's estimates, the EUR 100–120 million market for fishing products is shared between more than 50 retailers in Finland. The average size of retailers, measured in terms of revenue, is approximately EUR 2 million. The ordinary Finnish fishing specialty store has a revenue in the range of EUR 200,000–1,000,000.

Ruoto is the market leader in fishing and hunting specialty stores. In comparison to other Finnish specialty stores, Ruoto's product range is the widest, its stores are the largest, and Ruoto has the most employees and the most revenue.

Ruoto's management has identified four different generic operating models among retailers of fishing products:

- **General department store.** Typically, fishing and hunting products are sold as part of the department store's other offering. Moderately wide range of offering, but no special expertise or specialized service. Extensive opening hours.
- **Small local retailers.** Usually employ 1–2 people. Operating locally with small stock and quite a small range of products. Short opening hours. According to Ruoto's estimates, there are 30–40 operators of this kind in Finland.
- **Specialized retailers.** Wide range of products and high-quality service. Moderately short opening hours.
- **E-commerce.** Online stores of different types and sizes. Some of these are part of a brick-and-mortar store or department store. There are also a few players in the field that are operate solely in e-commerce.



Ruoto estimates that the volume of e-commerce in the Finnish fishing industry is approximately EUR 20 million (20%). The market share of e-commerce in fishing and hunting products is expected to grow to 30-40% over the next 4–6 years. Ruoto's management believes that small local stores will lose part of their market share to e-commerce. This will affect small local retailers the most.

If the share of e-commerce increases to 40% of the total market, it means that the value of fishing equipment sales that will transfer to the online channel is EUR 20 million. As Ruoto is already in a good position in the domestic online market, the management estimates that EUR 10–15 million of this amount could be transferred to Ruoto.

The market for hunting products and the structure of the industry is very similar compared to fishing. There are many small retailers in Finland that operate locally. A key element in the sales of hunting products is the sale of weapons and cartridges. The sale and purchase of weapons is subject to a license. The National Police Board grants business licenses to retailers, and local police departments issue permits for the purchase of weapons.

### 3.4 Future market trends

The estimated sales of the largest retailer in the whole industry are around EUR 25 million. However, the strategic focus of this player is not on hunting or fishing products and, therefore, its product range is quite limited. As the focus in fishing shifts from traditional recreational style to increasingly specialized forms of fishing, the demand for products also changes. Consumers expect an even wider range of products and even more specialist knowledge. This trend is increasingly directing consumers to large specialty stores that offer excellent service.

According to Ruoto's estimates, none of the companies operating in Finland dominates the market. Furthermore, the other operators do not appear to have a strategy to consolidate the market. No company is clearly stronger than others in the competitive field.

**A fragmented or shattered market** offers an opportunity for companies with a strong e-commerce concept to consolidate the market. In a fragmented market, operators that can enter the market and expand their market share most efficiently are the most likely to expand their e-commerce business, since the threshold for entering the market is usually low in these markets.

The companies operating in a fragmented market must spend a relatively large share of their resources on staying in the market instead of, for example, developing their brand to achieve a leading market position. Market consolidation offers a good opportunity to create significant added value because small and relatively weak competitors do not have the ability to respond to the challenger's strategy and market disruption.





A typical strategy for consolidating a fragmented market is to build an operating model that is based on multi-channel sales. In this way, the challenging company is able to fill potential gaps in market demand by efficient resource allocation.

The relatively weak competitive position of many retailers means that they do not effectively meet the demand for the products that consumers might want. Retailers with a small and narrow range of products have a slow inventory turnover, while at the same time there may be a high demand for certain products through e-commerce.

Professional service plays an important role in the competition with department store chains. The purchase of fishing products and hunting products is largely based on knowledge and, in part, an emotional expectation of the functionality of the equipment. Professional sales personnel can significantly influence the choice of products, and they play a major role in the customer's choice of product features and price. In department stores, this kind of service is typically unavailable and product expertise is low.

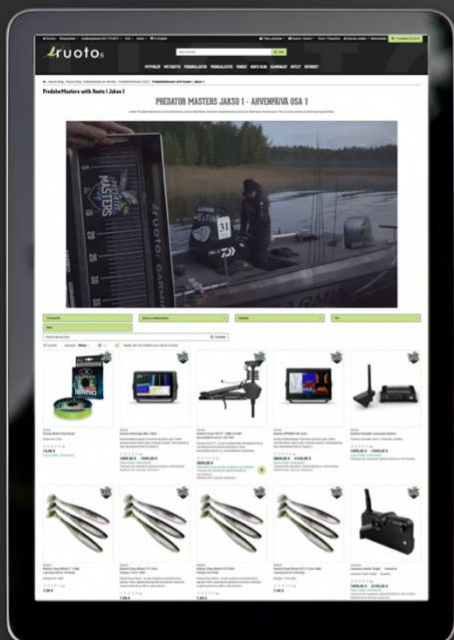
It is obvious that e-commerce is gaining popularity also in the fishing and hunting equipment sector. However, due to the special features of the products, the enthusiasts prefer to visit the store physically to try the products before making the purchase decision. Hence, physical stores will remain important as a distribution channel that serves consumers for a long time. Increasing e-commerce in conjunction with physical stores is one of the most obvious strategies for planning an online business. A strong specialist store supports the growth of e-commerce, above all in the form of a wide range of products and customer service.

## PredatorMasters & PikeMasters

Ruoto produces two fishing series in collaboration with Canal Outdoor's YouTube channel. The series are called PredatorMasters and PikeMasters. These fishing series serve as an important marketing channel for new fishing gear, marine products and lures, in particular.



The first production was filmed in 2018. The series has gathered more than 890,000 views on YouTube and the series has also been shown on AlfaTV.



## 4. Business concept

The concept of Ruoto Oy is based on the following key factors:

- Broad and high-quality product range both in stores and e-commerce
- Professional staff and customer-based service
- Accurately selected retail stores locations that guarantee a sufficiently large customer base in each Ruoto Mega Store market area
- A significant market share in the Finnish fishing and hunting e-commerce market
- Increasing e-commerce sales in the Nordic countries and throughout Europe
- Effective online/digital marketing via multiple channels

### 4.1 Ruoto Mega Stores and ruoto.fi online store

The Ruoto Mega Store concept is unique. Furthermore, there are no other similar concepts which combine mega stores with an online store in the Finnish fishing and hunting sector. Also, there are no other significant operators specializing in hunting and fishing products on the e-commerce side either. In this respect, Ruoto Oy's concept is unique in the Finnish and Nordic markets.

The strong growth and good profitability of Ruoto's business serve as evidence of the concept's feasibility. The Company's business concept can be scaled and extended to other Nordic countries. The Company is the market leader in e-commerce in Finland and aims to be the market leader in Northern Europe in the future.

Ruoto's competitive advantage, compared to small fishing and hunting equipment stores, is its wide product range, comprehensive and sufficient stock and the opportunity to offer its wide range of products also through the online store. Thanks to the extensive product range of Ruoto Mega Stores, the Company can offer different products to different customer groups on a completely different scale than small operators.

Efficiently managed and sufficient inventory is an investment that small businesses cannot afford due to a lack of space and working capital. As more valuable products, such as sonars and chartplotters, have become a more permanent part of the product range, the need for working capital is growing in the sector.



Ruoto's core strategy is to serve fishing and hunting enthusiasts with high quality and to increase the Company's value in the long term. The key strategic goal is to increase the market share and win new customers.

## 4.2 Growth in recent years

Ruoto has significantly grown its customer base over the past two years. The growth has been based on positive market development, the systematic expansion of the retail stores and the development of digital sales channels.

In recent financial years, Ruoto has increased not only its customer base, but also the size of its average purchase. Ruoto's wide product range and high level of service in both the physical stores and online support this goal. In 2021, the average purchase from retail stores increased from EUR 165 in to EUR 178, which shows that we have improved our customer service from previous years.

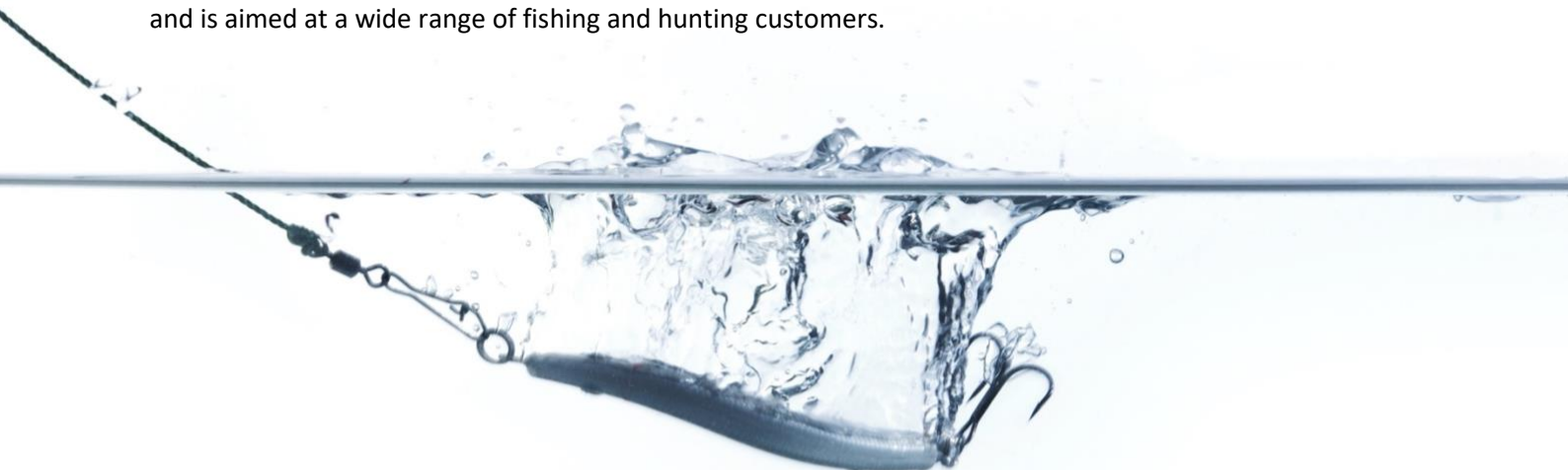
In 2021, Ruoto had a total of 70,500 customer transactions in retail stores and 32,000 e-commerce transactions. The number of retail store transactions increased by 52% and the number of e-commerce transactions by 53% from 2020.

## 4.3 Goals for the coming years

Ruoto Oy's business goal is to grow profitably and achieve a revenue of more than EUR 30 million over the next three years. The financing will be used to promote the Company's growth. The Company's revenue target for 3–5 years is over EUR 50 million. The Company's EBITDA target is 12–15% of revenue.

These goals can be reached by strengthening the Company's leading market position in Finland through a more extensive geographical coverage. In addition, Ruoto aims to achieve a significant market position in Nordic countries and launch operations in other European countries. In other words, Ruoto Group's long-term goal is to gain new customers among Nordic and Northern European anglers and hunters. Central to the development of the business is the mutually supportive operating concept of e-commerce and retail stores and Ruoto Group's ability to respond to changing demands in both segments.

**Expanding the geographical coverage in Finland:** Ruoto's goal is to open 1–2 new retail stores in Finland annually. Ruoto is seeking a wider geographical coverage by expanding its retail store network. Ruoto develops the current Ruoto Mega Store concept and complements it with new store concepts. The target is to open Ruoto Mega Stores in locations with a large customer base and approach smaller locations with the new concepts. In e-commerce, the aim is to gain customers who are outside the retail stores' reach or who otherwise prefer to shop online. The key elements of the retail store concept are high-quality products, a wide product range and highly professional service. The range of products includes premium quality products and is aimed at a wide range of fishing and hunting customers.





**Expansion to Nordic countries and Europe:** Ruoto Group is actively examining possibilities to expand the store chain to other Nordic countries and to serve customers via the online store across Europe. The Group will continue to invest in the development of e-commerce and the required digital systems and strives to increase the efficiency of its business and achieve economies of scale by distributing costs more widely within the group.

**Increasing the commitment of existing customers:** Alongside expansion, Ruoto Group's goal is to serve its existing customers even better and strengthen the relationship with a new loyalty program. The Group aims to grow its share of existing customers' total consumption of fishing and hunting equipment. Ruoto Group also aims to develop its marketing strategy and channels in a way that steers bigger shares of current customers' purchases to the group.

## 4.4 Responsibility

### Social responsibility

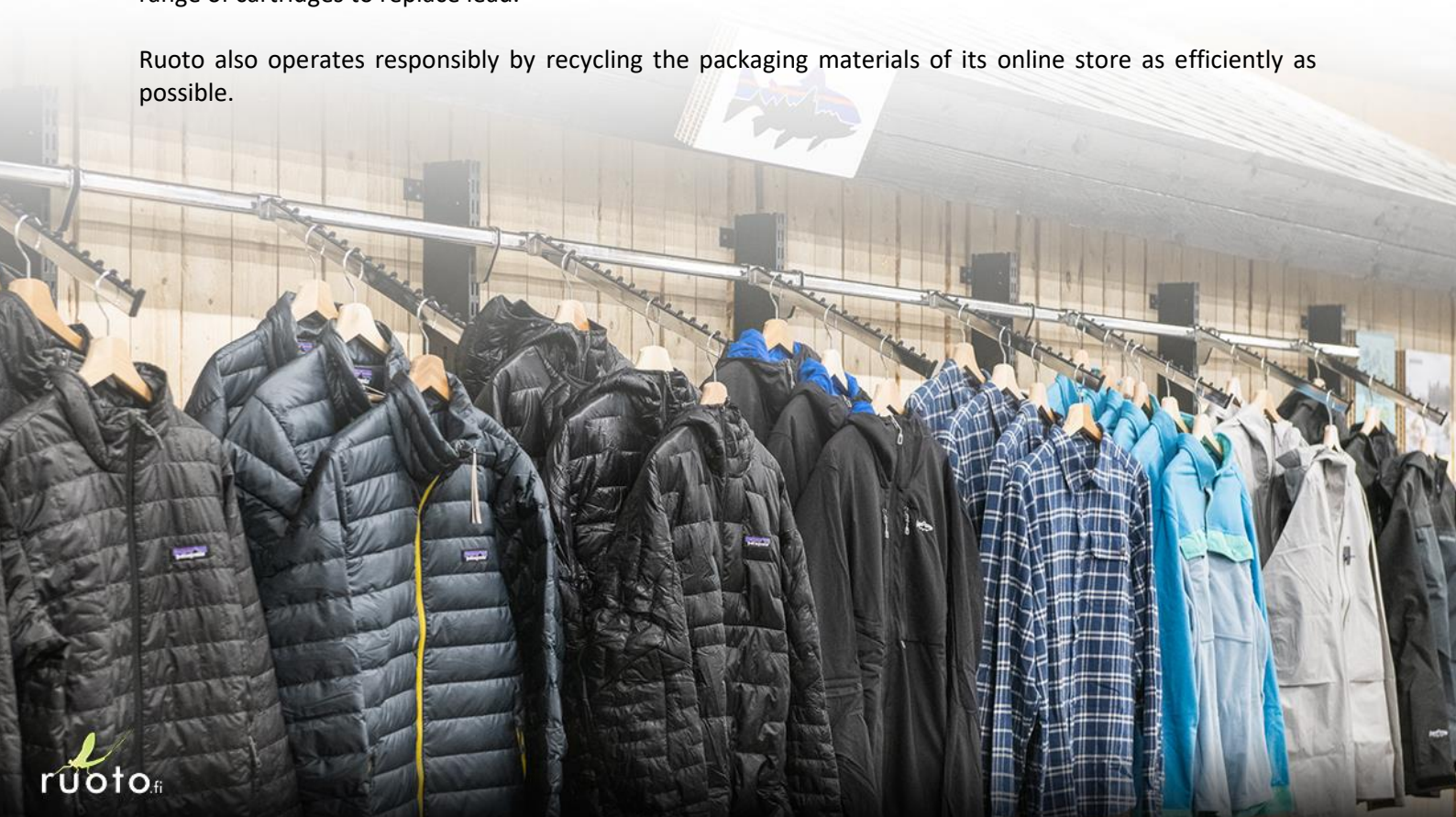
Ruoto Group strives to operate responsibly. Responsible operations in Ruoto Group means founding the operations on trust and striving to be a valued partner for all stakeholders. In addition, responsibility means emphasizing people's well-being, high quality and safety standards, high professionalism of all staff and sustainable development models.

### Environmental responsibility

Ruoto strives to build its product range around the highest quality products as much as possible to minimize unnecessary consumption. The Company favors responsibly produced products and responsible suppliers in its range of products.

Ruoto develops its range of products in the most responsible direction to promote the well-being of fish and game stocks. The service staff guides consumers to responsible solutions. In the hunting business, for example, this means preferring copper bullets in large game hunting and the continuous expansion of the range of cartridges to replace lead.

Ruoto also operates responsibly by recycling the packaging materials of its online store as efficiently as possible.



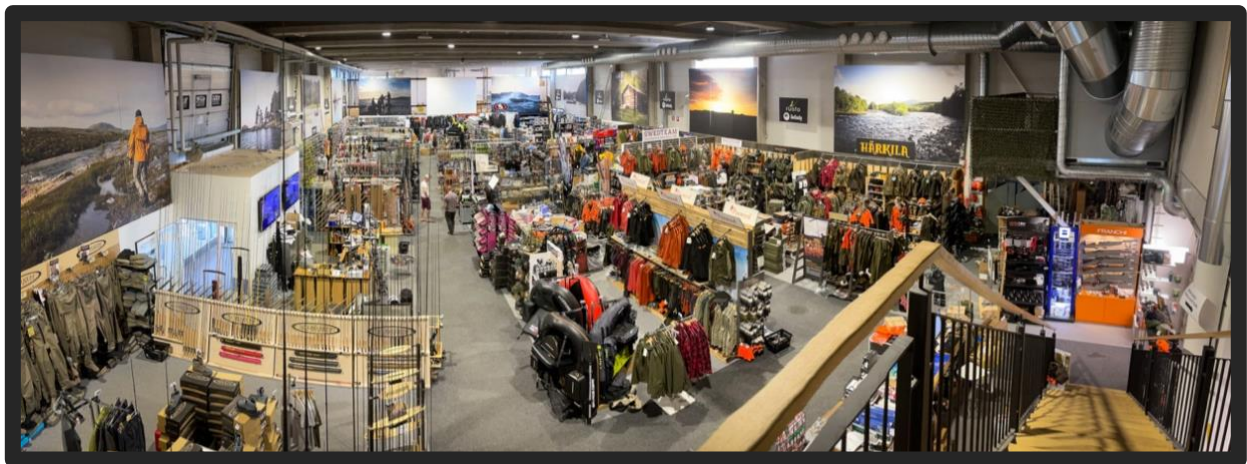


## 5. Ruoto Oy's products and services

### 5.1 Service concept

Ruoto's service concept is based on large Mega Stores and the online store.

**Ruoto Mega Store Tuusula** is the Company's flagship store, and it also acts as the main warehouse for the online store. In Tuusula, professional and customer-friendly customer service is guaranteed by a staff of 18 persons, all of whom are avid enthusiasts in the fishing and hunting field. In addition to high-quality customer service, for example when purchasing a new rifle with a rifle scope everything is installed and pre-aligned, the lines are spooled on fishing reels to make them ready for use and extensive guidance is offered for each sport. Ruoto also organizes fly tying courses. Good customer service and the professionalism of the sales personnel are the cornerstones of our operations.



**Ruoto Mega Store Tampere** was opened in 2021 when the smaller store that was established in Tampere four years earlier moved to a new location of 1,000 m<sup>2</sup>. The store is located in Tampere's busiest retail area Lielahdi and it employs 8 persons. The product range of the new store is similar to that of Tuusula. The Tampere store offers a wide array of hunting products, too. The Tampere staff consists of enthusiastic hunting and fishing experts. Each product department has its own expert.





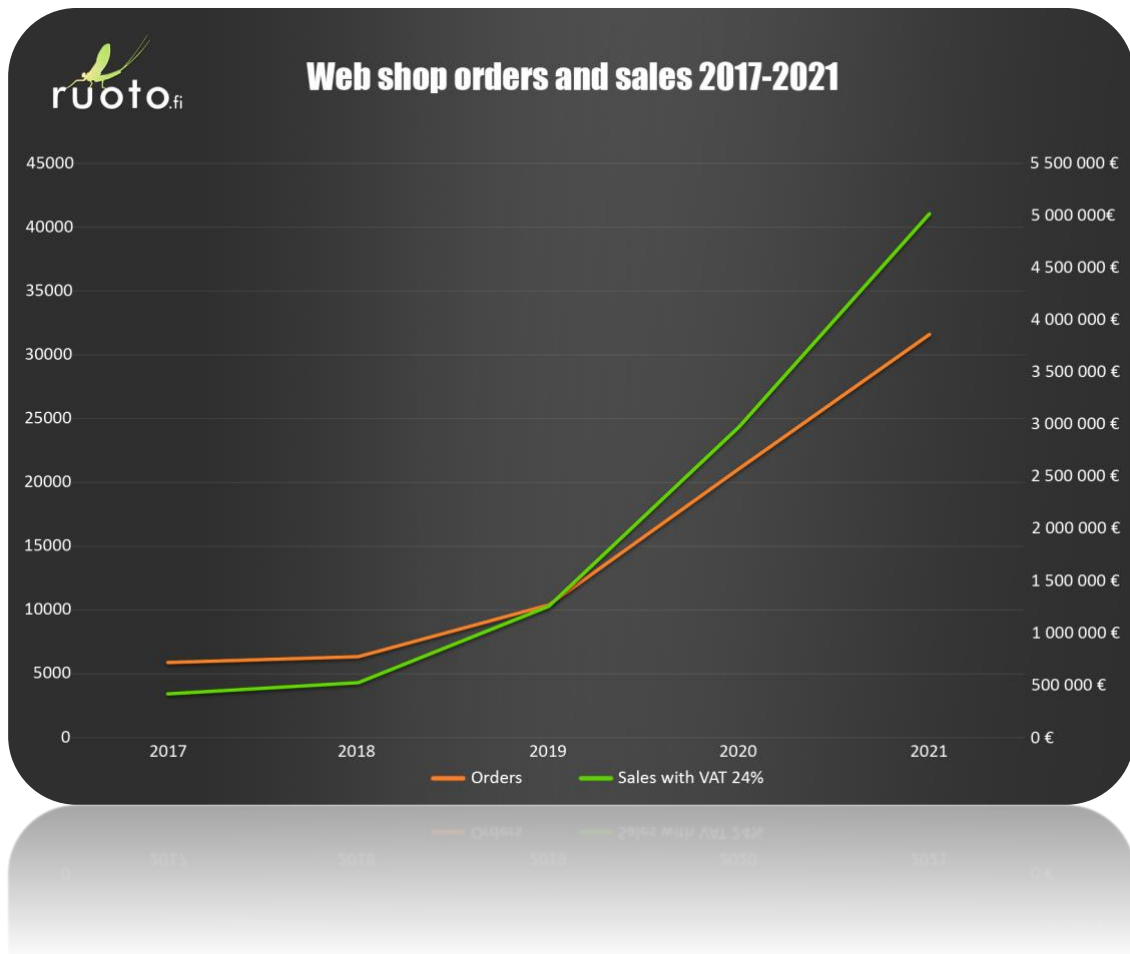
**Ruoto Mega Store Kaarina** is Ruoto's most recent store, which opened in the Turku region in Kaarina in February 2022. Ruoto Mega Store Kaarina employs 7 persons and it has currently the largest store area excluding warehouse: 1,350 m<sup>2</sup>. The Kaarina store is in a really good location in the Krossi center. The place is located along the busiest road to Parainen and is easily accessible from Turku, Raisio and Salo.



**Online store Ruoto.fi** opened in 2013. The development and growth of e-commerce has been particularly strong in 2019–2022. In 2021, revenue was approximately EUR 4.1 million. E-commerce has grown by 304% between 2019 and 2021 and is expected to continue to grow. Order volumes have increased from 10,393 (2019) transactions to approximately 32,000 (2021) transactions. During the same period, the average purchase price has risen from EUR 121 to EUR 162.

During the first quarter of 2022, online sales have increased by approximately 46% compared to the same period last year. At the same time, the average online purchase has also increased. Ruoto's management estimates that the order volume in 2022 will be 45,000–50,000 transactions. Ruoto's e-commerce business is profitable.





## 5.2 Product range

Ruoto is actively selling more than 50,000 different products, most of which are also available in stores. A large part of the product range is the different color variations of lures and fly tying products and, of course, the different sizes of reels, rods and clothes. The online store has about 12,000 product pages, which reflects the scope of the selection better than the number of items, as different color or size variations of the products always appear on the same page.

The emphasis of the warehouse values depends on the season. The target of the business has been to keep inventory turnover as good as possible, and while inventories are strong, increasing them is one way to further increase sales.

Regarding items, it is important to understand that Ruoto also sells custom goods. The principle of our service is to fulfill the customer's wish and therefore, individual products are ordered according to the customer's wishes on a daily basis.





## Fishing Products

Ruoto's fishing product offering is based on about 210 different fishing brands. With these brands, Ruoto offers a wide range of products and accessories to people who enjoy fishing. The Company has almost 40,000 different fishing products in its own warehouse. According to Ruoto's management, the product range and brand offering is the widest in both Finland and the Nordic countries in the retail of fishing tackle. The Company's product range consists of products supplied by international manufacturers and importers. Ruoto has several dozen internationally acclaimed brands for sale. Ruoto's goal is to serve a wide range of fishing and hunting enthusiasts, from beginners to more experienced hobbyists.

## Reels and rods for fishing

The product category includes reels and rods related to different fishing methods. The reels range from traditional spinning reels to fly reels. Reels for spin fishing can be spincast, baitcasting, and spinning reels. There are several different types of fishing rods, and they are specialized according to the type of fishing they are designed for.



## Lures and flies

Lures include a variety of spoons, spinners, wobblers, soft baits, jerkbaits and fly fishermen's flies. In 2021, Ruoto sold a total of more than 120,000 lures or lure packages.



## Clothing

Recreational fishermen have become increasingly product-conscious about hobby-related clothing and nowadays, they typically purchase the appropriate clothing for their hobby. The clothing business is a very lucrative and fast-growing addition to selling fishing gear.

## Accessories

Fishing tackle includes a wide variety of lines, nets, hooks, tools, accessories, etc., for both summer and winter fishing.



## Marine electronics

As recreational fishing becomes increasingly technical, various electronic devices have become more common in fishing. These devices include sonars, chartplotters and electric motors with integrated GPS tracking. The sale of electronics has significantly increased the sales and profitability of larger stores.

## Other marine equipment

Ruoto also sells a significant number of other marine products in addition to electronics. These products include life jackets (traditional and inflatable), floatation suits, electrical accessories, boat batteries and chargers, and to a lesser extent, boat trailers and their accessories.



## **Hunting Products**

In the hunting department, Ruoto sells products from major international hunting brands. There are 35 key brands, including Beretta, Browning, Benelli, Sako, Tikka, Zeiss, Swarovski, Meopta, Härkila, Sasta, Lowa, Garmin, Lapua and others. Ruoto is also Finland's leading hunting specialty store and is constantly expanding its product range. In addition to firearms, the product categories include rifle scopes, cartridges, hunting clothing, electronics and many other items of hunting and shooting equipment. Ruoto has more than 10,000 different products related to hunting in its selection, which Ruoto aims to keep in its own warehouse. In the hunting department, hunting accessories are a significant part of the business.

## **Firearms and cartridges**

Ruoto's range of firearms and cartridges mainly covers hunting weapons and cartridges. In addition to hunting products, the Company also sells a significant number of firearms and cartridges aimed for sport shooting. These include sporting shotguns aimed at clay pigeon shooting (Trap, Skeet, Compak, etc.).

## **Rifle scopes and other optics**

Hunting sights are traditionally rifle scopes. Rifle scopes are designed for, for example, daytime driven hunting, night hunting or long-range shooting. In addition to scopes, Ruoto also sells red dot sights as well as thermal scopes and thermal imaging cameras. The Company's selection also includes binoculars and rangefinders.



## **Accessories and components**

Ruoto's selection also includes rifle stocks, silencers and gun safes. Weapon accessories also include gun cleaning equipment, gun bags and cases designed to carry firearms.

## **Hunting clothes and shoes**

The Company offers hundreds of different items of hunting clothes. Hunting clothes are traditionally green but nowadays, various camo patterns are also popular. The camo hunting clothes sold by Ruoto have been selected to be suitable for the Nordic terrain.

## **Hunting electronics**

Hunting electronics refer to GPS devices, tracking devices designed for hunting dogs, VHF phones, and hunting cameras, for example.

## Other hunting products

Other hunting products include various attractions, hunting traps, decoys, reloading products and bow hunting products.

Compared to fishing, the number of products in the hunting market is lower, the turnover of stock is faster, the average purchase is higher, and the average margin is lower. The volume of custom-ordered products in hunting equipment is also significant.

Ruoto has sold hunting related products for a shorter time period than fishing, and therefore its relative growth is currently faster than in the fishing equipment. Ruoto reaches not only active enthusiasts but also novice hunters. The number of products on the hunting department will increase somewhat in the future, but the most important product groups are starting to be the most comprehensive in Finland. In the hunting segment, in-store sales have developed faster than e-commerce sales. Ruoto estimates that it has huge potential in the online sales of hunting equipment.



## Suppliers

Ruoto works with a total of about 200 domestic and foreign suppliers. In 2021, the eight largest suppliers delivered a total of about EUR 7 million worth of products, which accounted for 54.7% of all annual purchases. Ruoto is actively developing its procuring operations as well as procuring-related logistics and warehousing.

In 2022, Ruoto has obtained notable benefits and streamlined its operations by automated procurement for key brands.



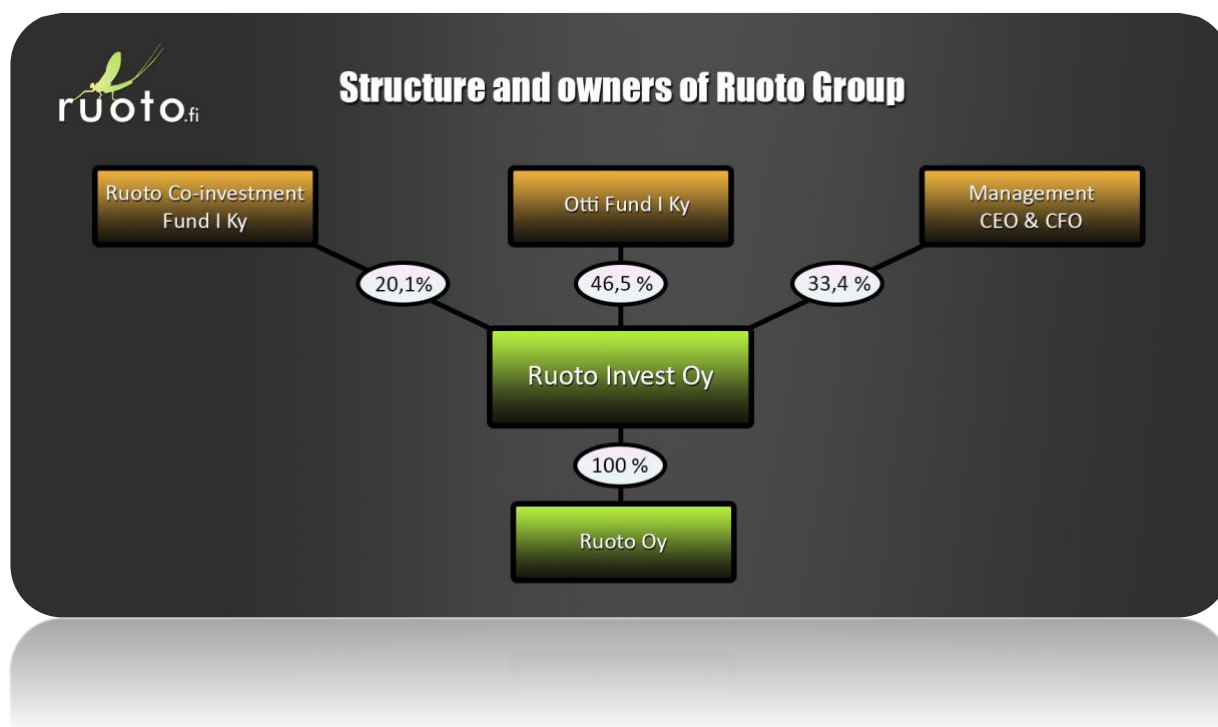
## 6. Administration

### 6.1 Company structure

Ruoto Group consists of Ruoto Oy and Ruoto Invest Oy, which is the Group's parent company. Ruoto Invest Oy is a holding company by its nature, and Ruoto Invest Oy has no activities other than owning Ruoto Oy's shares (100%). Ruoto Oy is an operating company that sells hunting and fishing products. Ownership in Ruoto Oy takes place through Ruoto Invest Oy, where the current owners also own their shares. Investor's financing round offers investors the opportunity to invest in Ruoto Invest Oy. The current owners will subscribe for new shares for EUR 540,000 on the same terms as the new shareholders.

### 6.2 Share ownership

Ruoto Invest Oy shares are owned by the following parties: Otti Fund I Ky private equity fund, Ruoto Co-Investment Fund I Ky private equity fund, CEO & founder Joonas Oksanen and CFO Kari Rantamäki. Investors in the private equity funds consist of individuals with experience in previous investments in growth companies, business development and successful business exits and listings. Due to these investors, Ruoto Group has the know-how for profitable business development, high growth and access to knowledge and experience in retail, marketing, e-commerce and finance.



Ruoto Invest Oy has 7,929,980 shares. The share issue is intended to issue a minimum of 600,000 and a maximum of 1,440,000 new shares. The share subscription price is EUR 2.5 per share. The total number of shares in the Company after the issue is a minimum of 8,529,980 and a maximum of 9,369,980 shares. The issue will raise a minimum of EUR 1,500,000 and a maximum of EUR 3,600,000 of equity. The new shareholders commit to the Company through a shareholder agreement.



The shares of Ruoto Invest Oy are distributed before the issue in accordance with the table below.

### Ruoto Invest Oy shares

Current shares: 7 929 980 pcs  
New shares (max): 1 440 000 pcs  
Total shares after the share issue: 9 369 980 pcs

Investment	Share holder	Position	Shares	Votes
1.	Joonas Oksanen	Founder & CEO	2 250 000	28,37 %
2.	Kari Rantamäki	CFO	400 000	5,04 %
3.	Otti Fund I Ky	Several investors	3 682 730	46,45 %
4.	Ruoto Co-investment Fund I Ky	Several investors	1 597 250	20,14 %
Total			7 929 980	100,00 %

### Ruoto Google reviews



Ruoto Mega Stores have collected more than 800 Google reviews from customers. Ruoto's professional and customer-oriented service is proven by the average 4.6/5 star rating of the reviews. Below are the latest reviews from Spring 2022 (translated from Finnish).

★★★★★ "High-quality product selection, competent staff."

★★★★★ "Great service and fast delivery! Recommended. 🙌"

★★★★★ "Ruoto's customer service is in its own class."

★★★★★ "A Mecca for nature enthusiasts. Good and knowledgeable service."



## 6.3 Administration

Ruoto Invest Oy follows good corporate governance. The Company's Board of Directors has approved the Board's rules of procedure for administration, which defines key administrative matters and responsibilities. The Board's rules of procedure are attached.

Ruoto Oy employs 37 people. Over the past year, the number of staff has increased by 14 people. The management estimates that the number of staff will grow steadily in line with business needs in the coming years. New job descriptions include marketing and e-commerce development and adding professional staff to the new stores to be opened. Ruoto is and will continue to strive to be a good employer in the future.

### Management



**Joonas Oksanen, 32, CEO & Founder.** Joonas is a student of technology from Aalto University. Joonas began his full-time entrepreneurial career at the age of 22. Joonas has been active in the industry for more than 17 years, starting his career in the fishing and hunting business in his first summer job.

Joonas has vast experience in every position at Ruoto Oy. In the early years of the Company, he worked as a full-blooded salesman and at the same time developed the online store, managed procurement, and was responsible for marketing. Through his long and varied background, Joonas knows almost all key players in the fishing and hunting industry in the Nordic countries, both at the manufacturing, import and retail levels. In 2015–2018, Joonas actively visited fishing gear manufacturers across Asia for product development.

In recent years, Joonas has studied the e-commerce business in general and gained expertise in ERP systems. He is largely responsible for training new staff in both the e-commerce side and product expertise.

Joonas owns a significant part of Ruoto Invest Oy's shares. In his free time, Joonas enjoys fishing, hunting and photography.



**Kari Rantamäki, 34, Chief Financial Officer.** Kari is responsible for the financial management of the entire Group. Kari graduated from the University of Tampere with a master's degree in economics. Despite his young age, Kari has more than 10 years of previous experience in both financial management and business development. Kari is in charge of the Company's reporting and is actively involved in the development of the Company's business model.

Kari is also a shareholder in Ruoto Invest Oy.

## Executives



**Timo Kontio, 36, Marketing Manager.** Timo is a skilled photographer and a world champion in fly tying. Joonas and Timo met while studying at Aalto University in Otaniemi. Timo is responsible for the marketing and visual appearance of Ruoto Oy. Timo is also well versed in today's digital marketing and the various opportunities that marketing automation brings. Timo trains our staff in building a good online store. Timo has a long history in the field, as well, as he had a long career in the fishing retail industry before joining Ruoto.



**Anton Pousar, 35, Product Manager for Fly Fishing.** During and after his Bachelor of Business Administration studies, Anton worked in a fly fishing store in Helsinki. He started at Ruoto in 2019, and he is responsible for the entire fly fishing department. Anton has really strong supplier relationships with various fly fishing operators across Europe. Anton's experience and professionalism in fly fishing products is at the forefront at the European level.



**Jani Mäkeläinen, 41, Product Manager for Marine & Spin Fishing.** Prior to Ruoto, Jani worked as a country manager in Finland's largest fishing tackle distributor for almost 12 years. Jani has experience and knowledge of selling fishing gear throughout Finland. In Ruoto, Jani is especially responsible for the whole marine department. At the same time, Jani also gives his strong expertise to support the establishment of new stores and to produce content to the online store.



**Jesse Kinnunen, 32, Product Manager for Hunting & Sports Shooting.** Jesse is responsible for the entire selection of the hunting department in Ruoto. Jesse has a strong background in sports shooting and he can guide the entire staff to the best possible customer service that hunting scene has to offer.



## Ruoto is 2021 Sako Retailer of the Year

Ruoto was awarded the prestigious Sako Retailer of the Year award last January. Sako, Europe's largest rifle factory, rewards one of its retailers each year.

Sako said that its choice was influenced in particular by Ruoto's wide product range, professional staff and the customer service even in demanding cases.



## The Board Members

**Turo Levänen, 1960, Chairman of the Board.** Turo has extensive working experience in both private equity and industry. Prior to his current position, Turo was a managing partner and founder of a European private equity fund. Prior to this, he was an investment director at Suomen Teollisuussijoitus Oy. His earlier experience includes working as the managing director of a company that manufactures medical equipment and, before that, a director at Sitra, Finnish Innovation Fund. Turo started his career at Dow Chemical (US) in the Netherlands. He has served as a member of board in many different companies and has been instrumental in a large number of private investments. He has experience in private investments in SMEs, business development and highly successful divestments, both to strategic buyers and through IPO processes. Turo holds a M.Sc. (Engineering) degree from Helsinki University of Technology, Finland, and is an MBA graduate from Henley Management College (UK).

**Erkki Moisander, 1953, Board Member.** Erkki is a well-known Finnish corporate director and former CEO of the LähiTapiola Group. During 1997–2006 he was entrepreneur and CEO of the Finnish leading pet supply company called Kerox Oy (current Best Friend Suomi Oy) and a boat factory called Tristan Boats Oy. In 1987–1997, Erkki served as a President and Deputy President of Kera Oyj and in 1983–1987 as a Member of Parliament in the National Coalition Party from the Kuopio region. In 1981–1987, Erkki was the regional director of the Fennia insurance company. During 1980–1981, he was the CEO of Savon Yrittäjät. Erkki is an economist, and he is known as an avid fly fisherman in his spare time.

**Olli-Pekka Pohjanmäki, 1966, Board Member.** Olli-Pekka is a marketing professional and from 2016 to 2020, he served as LähiTapiola's Chief Marketing Officer and a member of the management team. From 2001 to 2009, Olli-Pekka served as Partner and CEO of Aspectum Oy in Helsinki. He worked as a principal consultant or expert in various customer strategy and transformation projects for several leading companies and organizations (for example, Siemens, OP-Pohjola, Sampo, SOK, Otava Publishing Company, Mehiläinen, Tekes, Finnet, Elisa, Lindström, Marimekko, Vacon and several others). Several of his projects received international and national recognition (for example, CERS Award 2005, Frost & Sullivan Award 2006). At the same time, in 1999–2021, Olli-Pekka has been a lecturer at various universities. He has a master's degree in economics and aims to complete his doctoral thesis by 2025.

**Petri Lappalainen, 1964, Board Member.** Petri is the owner of Finland's largest K-Rauta hardware store in Suomenoja, Espoo. Petri has many years of experience in retail business and he also shares that experience with Ruoto's management. Petri is a long-standing entrepreneur in many fields and gives strong support to Ruoto in growing the store network.





## ICT systems

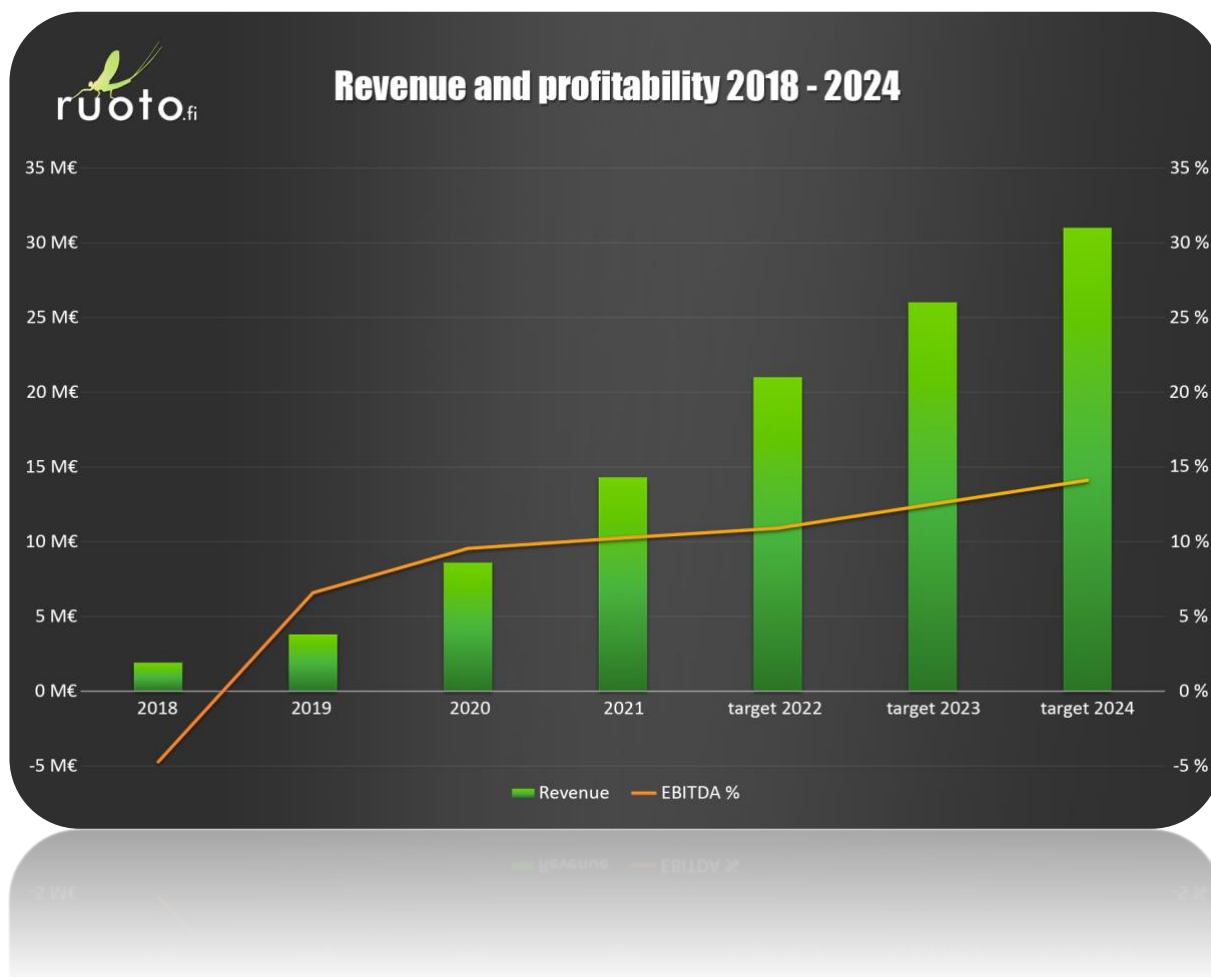
Ruoto uses the Jeemly software of Suomen Kassajärjestelmät Oy ("SKJ") as its ERP system. The Flowvy online store developed by Nethit Oy is also integrated into the same system. Nethit and SKJ are constantly developing their systems to improve their interoperability.

Ruoto's customer registers are also managed by SKJ's and Nethit's systems. The standards for processing personal data that are based on the EU General Data Protection Regulation (GDPR) have been resolved together with SKJ and Nethit.

Ruoto Group also uses a few other ICT systems in its operations, but Jeemly and Flowvy are the most significant. The Ruoto Group is constantly exploring new ICT services and systems to streamline its business in the future.

## 7. Financial indicators

Ruoto Oy is a high-growth company, and its revenue has grown strongly in 2019–2021. The average revenue growth was 91.6% in 2019–2021 (96.6% in 2018–2021). The profitability of Ruoto's business has been good, EBITDA in 2021 was 10.2% and the Company targets for profitable growth and a significant increase in value for investors in the future, as well.



The goal of Ruoto Oy is to grow profitably in less than three years to achieve a revenue of more than EUR 30 million. The financing will be used to promote the Company's growth. The Company's revenue target for 3–5 years is over EUR 50 million. The Company's EBITDA target is 12–15% of revenue. The Company's growth target is to increase revenue by at least 20 % annually.

Ruoto Oy	2018	2019	2020	2021	2022	2023	2024
Revenue growth %	35,0 %	106,8 %	122,1 %	65,4 %	45,6 %	25,0 %	23,1 %
Revenue	1 881 000 €	3 890 000 €	8 640 000 €	14 290 000 €	20 800 000 €	26 000 000 €	32 000 000 €
Sales margin	630 135 €	1 026 960 €	2 185 920 €	3 586 790 €	5 324 800 €	6 760 000 €	8 480 000 €
Sales margin %	33,5 %	26,4 %	25,3 %	25,1 %	25,6 %	26,0 %	26,5 %
EBITDA	-83 210 €	244 013 €	835 831 €	1 457 000 €	2 000 000 €	3 080 000 €	4 220 000 €
EBITDA %	-4,4 %	6,3 %	9,7 %	10,2 %	9,6 %	11,8 %	13,2 %
Balance sheet total	1 048 240 €	1 519 337 €	2 479 875 €	4 729 128 €	-	-	-
Equity ratio %	-47,0 %	-16,0 %	17,0 %	32,1 %	-	-	-
Number of employees	10	12	16	24	37	49	58

Note! The numbers of the table apply to Ruoto Oy.

## 7.1 Financial report for 2021 (Ruoto Oy)

Ruoto Oy's revenue in 2021 was EUR 14.3 million (EUR 8.7 million in 2020). The revenue increased by 66% from 2020. The Company's budget for 2021, measured by revenue, was EUR 12.3 million and the Company exceeded its targeted budget by 16%. Sales were boosted by the growth of in-store sales (growth in comparable in-store sales) as well as growth in e-commerce sales. In-store sales increased by 64% and comparable in-store sales increased by 33%. E-commerce sales increased by 69% to EUR 4.1 million in 2021. E-commerce accounted for 28% of total sales (28% in 2020).

The Company's EBITDA in 2021 was EUR 1,456,697 and it was increased by 74%. The Company's EBITDA margin was 10.2% (9.7% in 2020). The improvement in the EBITDA margin was due to two reasons: an increase in sales resulted in an advantage on the purchase price of goods and not all fixed costs increased in line with the increase in sales.

The Company's sales margin was EUR 3.6 million and it was increased by 64%. The Company's sales margin percentage was 25.1%.

## 7.2 Financial events after the 2021 financial year (Ruoto Oy)

Ruoto Oy's revenue in January–March 2022 (Q1/2022) was EUR 3.37 million and in January–March 2021 (Q1/2021) EUR 2.37 million. The increase in revenue in Q1/2021 was 42.3% (EUR 1.00 million).

The Company's revenue for the last 12 months (Q2/2021–Q1/2022) was EUR 15.29 million, and the revenue for the previous 12 months (Q2/2020–Q1/2021) was EUR 9.65 million. The increase in revenue for the previous 12 months was 58.40% (EUR 5.64 million).

In-store sales increased by 40.6% from Q1/2021 (EUR 661,000). E-commerce sales increased by 46.0% (EUR 340,000). E-commerce accounted for 32.0% of total sales (31.2% in Q1/2021).

During the first quarter of 2022, there were a total of 23,487 customer transactions (15,458 in Q1/2021); the number of customer transactions in stores was 15,666 or 66.7% (9,917 or 64.2 % in Q1/2021), and in the online store 7,821 or 33.3% (5,541 or 35.8% in Q1/2021). The number of customer transactions increased by a total of 51.9%; the number of customer transactions in stores increased by 58.0% and in the online store by 41.1%.

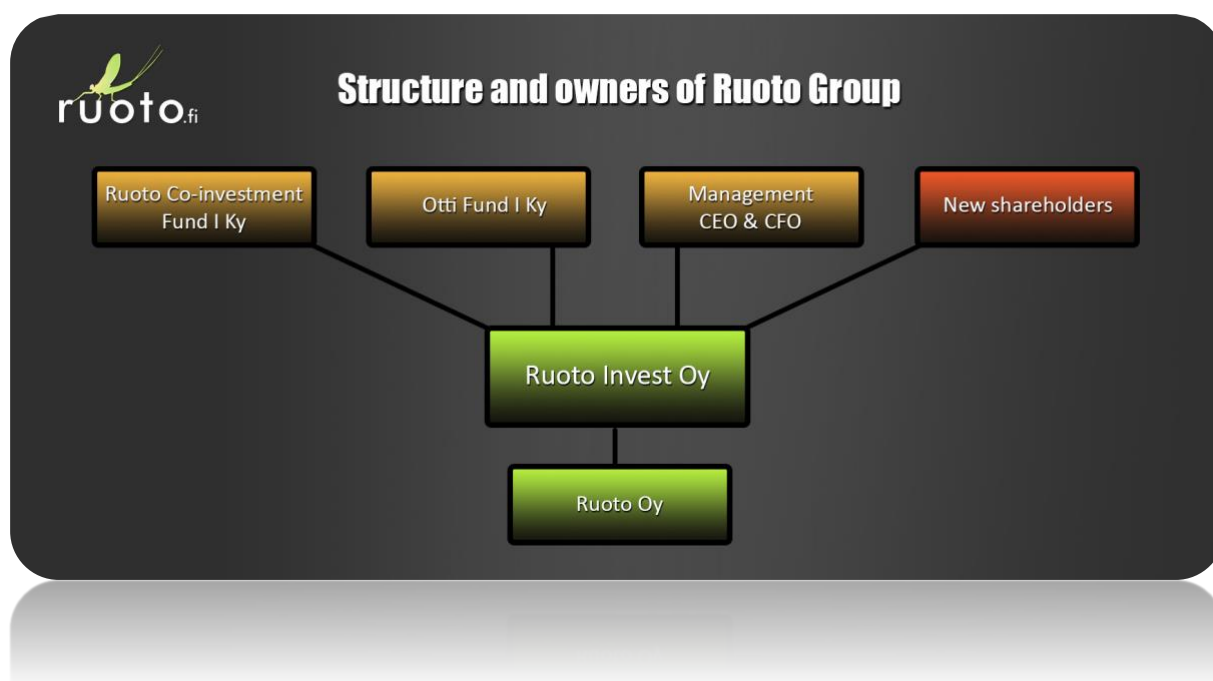




### 7.3 Ruoto Group and parent company Ruoto Invest Oy

Ruoto Group consists of Ruoto Oy and Ruoto Invest Oy, which is the Group's parent company. Ruoto Invest Oy was founded on December 7, 2021. Ruoto Invest Oy has no activities other than owning Ruoto Oy's shares. Ruoto Invest Oy's balance sheet total in March 2022 was EUR 15.6 million and equity was EUR 7.9 million. The Company's equity ratio is 50.6%.

Ruoto Group's balance sheet total in March 2022 was EUR 23.3 million and equity was EUR 7.7 million. The Group's equity ratio was 33.0 %. Ruoto Group's funds were EUR 570,600.



#### Company valuation

Prior to the present share issue, Ruoto Invest Oy holds 7,929,980 shares. In the issue, the value of the new share is defined as EUR 2.5 per share. The total value of Ruoto Invest Oy's share capital after the share issue is EUR 21,324,950–23,424,950. The total value is affected by how many new shares will be subscribed for in the issue (min. 600,000–max. 1,440,000).

#### Successful exit

Ruoto Invest Oy's primary exit goal is to have the company's shares listed on a stock exchange and publicly traded. The Company actively seeks to account for such listing from the perspective of both the Company's stock exchange listing conditions and the stock exchange market.

Ruoto Invest Oy's secondary exit option is to sell the Company's share capital to another company.

The possible realization of both exit options requires the Company's success in developing its business in line with its growth and profitability targets. The current shareholders aim for a significant increase in the value of the share capital over the next 3 to 5 years.

## 8. Use of funds

Ruoto Group's goals for the following years:

- To open new Ruoto Mega Stores and other retail stores;
- To invest in the further development of the online store;
- To expand the product range;
- To expand the business in Nordic countries and Europe;
- To actively seek acquisition opportunities.

The funds raised in the share issue will be used for expansion investments, financing working capital and possible acquisitions. The financing is used to further enhance Ruoto Group's growth.

If the share issue remains significantly short of the maximum of EUR 3,600,000, it will reduce the speed of the development plans presented in this investment memorandum from the point of view of possible acquisitions.



## 9. Risks

There are various risk factors associated with investing in the Company that may be significant if realized. Many of Ruoto Group's risk factors are part of the nature of its business and are typical for the industry. Each risk may have an essential effect on Ruoto Group's business, profits, and the Company's potential ability to achieve its financial objectives. The risks associated with the Company can be divided into nine (9) different groups.

The groups are:

- Macroeconomic risks;
- Risks related to the Company's business;
- Risks related to selling hunting and fishing equipment;
- Risks related to IT systems;
- Risks related to management and staff;
- Legal and regulatory risks;
- Taxation risks;
- Financial risks;
- Risks related to the share issue.

### Macroeconomic risks

1. Uncertainty in Ruoto Group's core markets in Finland and the Nordic countries, as well as in the global economy and financial markets in general, may adversely affect the Company's business and results of operations.

### Risks related to the Company's business

1. The failure of Ruoto Group to compete effectively with existing and potential new competitors or to respond to changes in the competitive environment may adversely affect the Company's revenue, profitability, and customer loyalty.
2. In the multi-channel business model, Ruoto Group operates in a highly competitive e-commerce market and its success in competing with other e-commerce players is not guaranteed.
3. Ruoto Group may not be able to implement its expansion strategy and take full advantage of new business opportunities at the right time.
4. Opening new stores requires investment and may adversely affect Ruoto Group's financial balance, which may weaken the Company's financial position.
5. The opening and location of new stores may prove less profitable than estimated and this will have a detrimental effect on Ruoto Group's business.
6. Changes in customers' consumption behavior may change and reduce Ruoto Group's revenue and profitability.
7. Loss of significant suppliers or difficulties in obtaining products that meet Ruoto Group's requirements, or decrease in product availability, or suppliers' price increases may have an adverse effect on the Group's customer relationships and competitive position.
8. There are disturbances in Ruoto Group's warehouses and logistics that complicate the Ruoto Oy's business and cause disruption to the Company's business.
9. Failure in Ruoto Group's marketing, and marketing and advertising of and management of brands that Ruoto Group sells may adversely affect the Group's customer relationships and demand for products and services.



10. Premises leased by Ruoto Group may be subject to risks that affect their operations, continuity, and unfavorable dismissals and that may adversely affect the Company's business.

#### **Risks related to selling hunting and fishing equipment**

1. The value of the products or brands sold by Ruoto Group, such as the quality and safety of the products, may be related to factors that may have an adverse effect on customer relationships and business.
2. Factors beyond Ruoto Group's control could have an adverse effect on the Group's demand for, confidence in, and availability of its products.
3. Prices and availability of certain commodities, such as electronics, could affect Ruoto Group's revenue and profitability.

#### **Risks related to IT systems**

1. Interruptions and disruptions in Ruoto Group's IT, network, or communications systems, as well as possible cyber security breaches, may result in unexpected costs and disruptions.
2. Ruoto Group's business and competitive position may be harmed if it is unable to protect and defend its intellectual property rights or if its own activities infringe or are alleged to infringe intellectual property rights held by third parties.

#### **Risks related to management and staff**

1. Ruoto Invest Oy and Ruoto Oy are dependent on its management and qualified personnel, and the loss of managers and qualified staff may be detrimental to Ruoto Group's business.
2. Failure to recruit and engage qualified personnel may adversely affect the development of Ruoto Invest Oy's and/or Ruoto Oy's business.
3. Increasing the number of personnel can have a detrimental effect on Ruoto Invest Oy's and/or Ruoto Oy's profitability.

#### **Legal and regulatory risks**

1. Failure to comply with the legislation that affects Ruoto Group's operations and products, and corporate social responsibility may result in sanctions and damage Ruoto Group's public image among customer groups.
2. Claims or actions may be brought against Ruoto Group that may harm the Group and require management resources.
3. Ruoto Group fails to comply with data protection and privacy laws.
4. Duties and restrictions on products imported by Ruoto Group may result in additional costs and impede the financial position of the Group.

## **Financial risks**

1. Fluctuations in exchange rates of currencies may have an adverse effect on Ruoto Invest Oy's and/or Ruoto Oy's operations
2. Future impairments of Ruoto Group's goodwill may have an adverse effect on the Group's financial position.
3. Ruoto Invest Oy and Ruoto Oy are exposed to changes in loan interest rates.
4. Ruoto Invest Oy and Ruoto Oy are exposed to credit and counterparty risks.

## **Risks related to the share issue**

1. There is no guarantee that any future dividend will be distributed to shareholders.
2. The share issue incurs costs and operational obligations, which involve costs for Ruoto Invest Oy.
3. Share subscriptions are irrevocable and it may not be possible to sell the shares.
4. An investor may lose the capital they have invested fully or in part.
5. The investment might not yield any profit.
6. The transferability of the investment target has been limited with a redemption clause in Ruoto Invest Oy's articles of association and with the obligation to sign Ruoto Invest Oy's shareholder agreement.

## **10. Information on the issue terms**

### **10.1 Shares offered for Subscription**

In this funding round a minimum of 600 000 (EUR 1 500 000) and a maximum of 1 440 000 (EUR 3 600 000) new shares of Ruoto Invest Oy (business ID 3252926–7, thereafter in the respective chapter the “Company” or “Ruoto Invest”) are offered for subscription.

If less than 600 000 shares are subscribed, the Company has the right to cancel the issue, in which case paid investments will be refunded to the investors. No interest is paid to the refunded subscriptions.

The Board of Directors reserves the right to raise the maximum amount of the funding round in case of oversubscription of this share offering.

The shares entitle their holder to dividend and other shareholders’ rights from the moment the shares have been registered and have been added to the shareholder list.

The capital gathered in this share issue will be recorded entirely to the reserve for invested unrestricted equity.

### **10.2 Subscription Price**

The subscription price per share is EUR 2,5, and the minimum subscription is 200 shares corresponding to EUR 500. A maximum of EUR 3 600 000 can be raised in this funding round.

The Subscription Price for the new shares must be paid in full to the customer deposit account pointed by Invesdor Ltd in accordance with the instructions given by Invesdor Ltd..

### **10.3 Subscription period**

The subscription period starts on 11.5.2022 and ends at the latest on 30.6.2022. The subscription period on Invesdor’s platform starts on 11.5.2022 and ends preliminary on 30.6.2022. The Board of Directors reserves the right to extend the subscription period.

In case of oversubscription of this share offering, the investments brought by Invesdor Ltd have priority over the investments brought by the Company. This means that the entire amount of investment brought by Invesdor Ltd will be accepted first, after which any remaining shortfall can be filled by the investments brought by the Company. However, this does not apply to the anchor investment brought by the Company during the hidden phase of the Offering.

### **10.4 Share subscription**

Shares are subscribed for by making a subscription agreement in Invesdor Oy’s online service at [www.invesdor.fi](http://www.invesdor.fi), accepting the relevant terms and conditions of Invesdor Oy and signing the Company’s Minority Shareholder Agreement, or in another manner specified by the Company’s Board.

The Company’s Board approved the share subscriptions after the end of the subscription period. The subscriptions can be approved fully or in part, or they may be rejected.



## **Making a Subscription**

The shares will be subscribed by making a subscription commitment on Invesdor Ltd's online platform on website [www.invesdor.fi](http://www.invesdor.fi) and by approving Invesdor's applicable terms and conditions, and adhering to Company's Minority Shareholders' Agreement, or otherwise as indicated by the Company's Board of Directors.

The Company's Board of Directors decides on the acceptance of the share subscriptions made after the subscription period has ended. Subscriptions may be accepted in whole or in part or rejected.

## **10.5 Shares and options**

The Company currently has 7 929 980 shares. On 9.5.2022 the Company's shareholders decided unanimously on a share split (previous share amount was 792 998, and after the share split 7 929 980). The registration of the new share amount to the Trade Register is pending, thus the new share amount has not yet been registered to the Trade Register and therefore the Company's Trade Register Extract still shows the old share amount.

The Company has one (1) series of shares, and thus all of the shares carry equal rights.

Transferability of the Company's shares is restricted as follows:

- The transferee must adhere to a Company's Shareholders' Agreement
- Redemption clause in the Articles of Association.

On 9.5.2022 the Company's shareholders decided unanimously on the revocation of i) the share issue decision (decision registered on 10.3.2022) and ii) the Board's authorisation to decide on the share issue and the issue of special rights entitling to shares (authorisation registered on 10.3.2022). The registrations of the revocations are pending on the Trade Register, thus the share issue decision and the Board's authorisation are still visible on the Company's Trade Register Extract.

On 9.5.2022, the Board accepted an option program of 120 000 options. The registration of the options to the Trade Register is pending, thus the options have not yet been registered to the Trade Register and therefore they do not yet appear in the Company's Trade Register Extract. The options entitle their holders to subscribe for a total of 120 000 new or existing shares in the Company.

## **10.6 Shareholder agreements**

When investing, the investor must adhere to the Company's Minority Shareholders' Agreement (dated 9.5.2022), which is attached to the materials of the share offering on the Invesdor Oy's website. Adhering to the Shareholders' Agreement is a mandatory part of the investment process unless the investor is already part of the majority shareholders' agreement. In the Shareholders' Agreement, the investor:

- Undertakes not to require any certificates for the shares;
- Undertakes not to sell, transfer or otherwise dispose the shares to any party who has not adhered to the Agreement as a minority shareholder
- Undertakes not to pledge or otherwise lodge the shares or any rights related to the shares as security without prior written consent of the Company
- Commits to vote in favour of any decisions required to the future financing rounds and shall also sign and execute any shareholders' agreement and other agreements required for completion of the above actions in accordance with the instructions received from the Board of Directors of the Company, as long as all shareholders are treated fairly and equally

In addition, the shareholders

- Have a Drag-Along and Tag-Along right
- Undertakes to, in connection with an Exit, take all necessary and requested actions and support all decisions necessary to consummate the Exit

Please familiarize yourself with the attached Shareholders' Agreement carefully before investing.

The Company's current shareholders have a separate shareholders' agreement in place. Even though the investors investing in this offering do not join this agreement, some provisions may be of interest to them (capitalised terms having the meaning as set forth in the agreement):

- Shareholders have pro rata rights to subscribe for shares if the Company decides to issue new or existing shares for a reason other than to retain key personnel
- The silent partners of an Investor Shareholder are entitled to participate in share issues organised by the Company under certain conditions specified in the agreement
- The distribution of dividends by the Company or any other distribution of assets under the Companies Act requires the consent of the Majority Shareholder
- The Majority Shareholder is entitled to nominate two (2) members to the Board of Directors and the Chairman of the Board of Directors, the Investor Shareholder is entitled to nominate one (1) member to the Board of Directors, and the Key Shareholders are jointly entitled to nominate one (1) member to the Board of Directors. In addition, the Parties shall jointly appoint one (1) member.
- Certain resolutions of the General Meeting require the prior consent of the Majority Shareholder. In addition, certain decisions of the Board of Directors require the prior consent of the Board members appointed by the Majority Shareholder.
- Majority Shareholder, the Investor Shareholder and any other Shareholder determined by the Board of Directors have broader information rights than the Minority Shareholders investing in this Offering
- The Shareholders may not directly or indirectly transfer, donate, pledge or otherwise encumber the Shares or any certificates or other documents relating thereto except with the prior written consent of the Board of Directors
- Tag-Along and Drag-Along rights
- Right of first refusal of the Majority Shareholder as described in the agreement

## 10.7 Articles of association

The Articles of Association of the Company include a redemption clause which affects to the transferability of the shares. The Articles of Association can be found attached to the materials of the share offering on the Investor Oy's website.

On 9.5.2022 the Company's shareholders decided unanimously to make amendments to the Articles of the Association of the Company as follows:

*The Section 7 § (Summons to convene General Meeting) of the Articles of Association shall be amended as follows:*

*"The summons to convene a general meeting shall be delivered at the earliest two months and at the latest ten days before the general meeting record date to a shareholder, whose address is known to the company. The notice can be delivered to the e-mail address notified by the shareholder to the company for these purposes."*

*The following new Section 8 § (Registration to General Meeting) shall be included to the Articles of Association:*

*“In order to be entitled to participate in a general meeting, a shareholder shall notify the company at the latest on the date designated in the summons to the general meeting. The registration time can be set to terminate at the earliest ten days before the general meeting.”*

The registration of the new Articles of Association is pending on the Trade Register, thus the amendments made on 9.5.2022 are not yet visible on the Articles of Association attached to the materials of the share offering on the Invesdor Oy's website.

## **11. Share issue agent and organization**

The agent for the share issue is Invesdor Oy, business ID 2468896-2, address Salomonkatu 17 A, 00100 Helsinki, Finland.

Ruoto Invest Oy's financial advisor is Midas Equities Oy, which also assists the company with marketing the issue. The Company's legal advisor is Asianajotoimisto Nordia Oy.



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Ruoto Oy

## Update to Ruoto Invest Oy's Investment Memorandum published on 11.5.2022

**Date: 23.6.2022**

The Board of Directors of Ruoto Invest Oy has decided, in accordance with the authorisation given to it by a unanimous resolution of the shareholders on 9.5.2022, to amend the Board's decision on the directed share issue made earlier on 9.5.2022 as follows:

The maximum number of shares to be issued was increased from 1 440 000 shares to a total of 2 000 000 shares, corresponding to EUR 5 000 000.

The subscription price of the shares is determined in stages according to the amount invested, with the subscriber receiving a discount on the subscription price if the amount invested exceeds a certain amount in euros. The subscription price and the discounts thereon are decided as follows:

- a) for a total investment of between EUR 500 and EUR 499 999, the subscription price of the shares is EUR 2,50 per share; and
- b) for a total investment of between EUR 500 000 and EUR 1 599 999, the subscription price of the shares is EUR 2,45 per share; and
- c) for investments of EUR 1 600 000 or more, the subscription price of the shares is EUR 2,15 per share.

No fractions of shares are given, thusly if the number of shares to be subscribed for is not even, the number of shares to be subscribed for is rounded down to the nearest whole share.

The subscription price of the shares corresponds to the Company's estimate of the fair market price of the shares, which is appropriate for the purpose of this directed share issue.

With regard to shareholders' agreements, the decision was amended so that the acceptance of the subscription of shares is conditional on the subscriber's commitment to the Company's shareholders' agreement dated 25.1.2022 or the Minority Shareholders' Agreement dated 9.5.2022. Investors who invest at least EUR 100 000 in the Company in this financing round will be offered the possibility to join the shareholders' agreement dated 25.1.2022 by means of an adherence agreement.

In addition, the shareholders' agreement was amended to provide that instead of a Board member appointed jointly by the Existing Shareholders, the Funding Shareholders shall have the right to appoint jointly one (1) Board member in accordance with the terms of the shareholders' agreement (capitalized words having the meaning as set forth in the shareholders' agreement).

In addition, it was decided that the subscription price for the Shares may also be paid to the Company's bank account appointed by the Board of Directors of the Company in accordance with the instructions of the Board of Directors or the payment schedule set out in the subscription form, instead of the customer deposit account of Invesdor Ltd.