

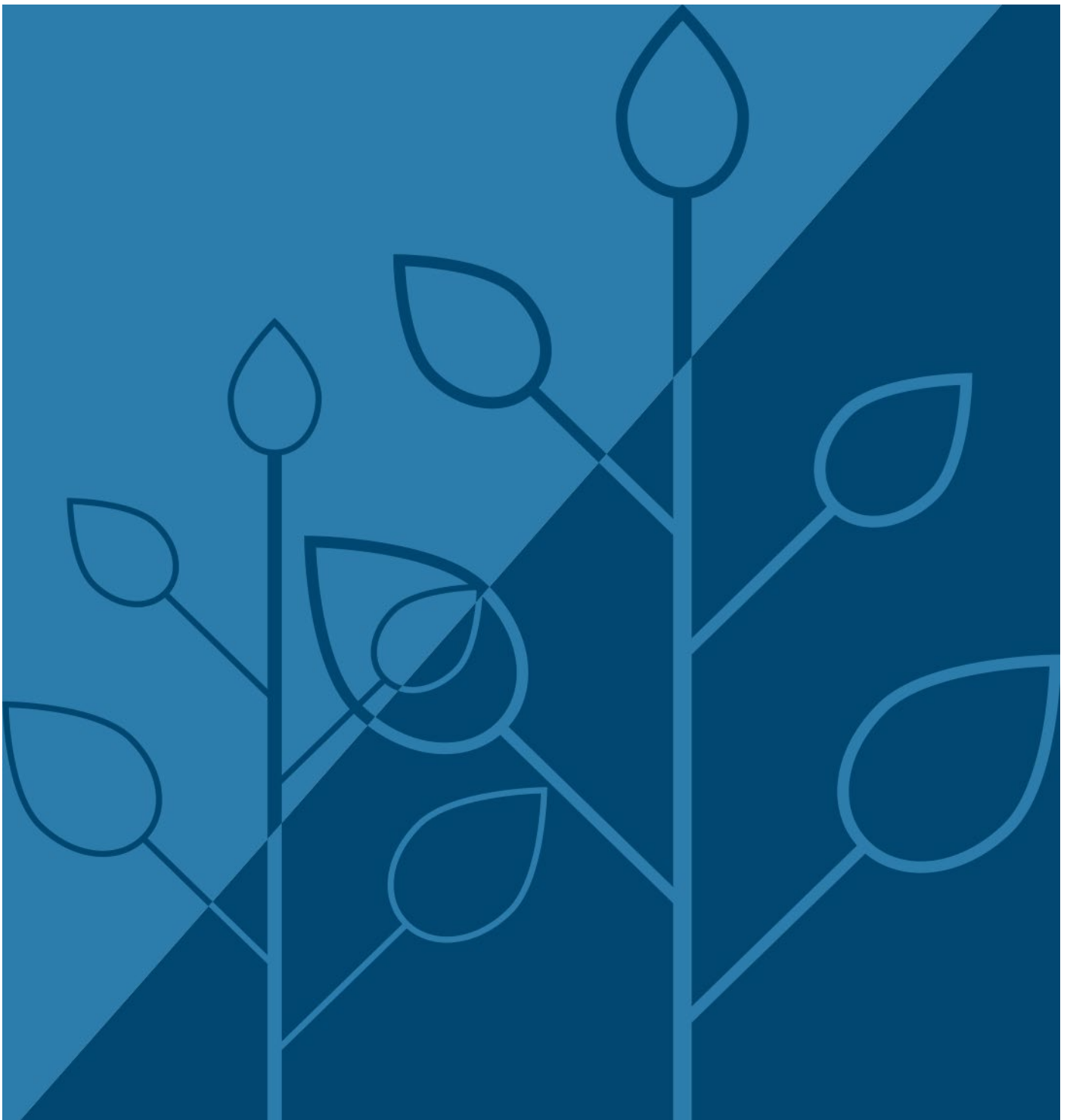
# Q4/2021

## Sievi Capital Plc

# Financial Statements Release

January–December 2021

3 March 2022



January–December 2021

## RECORD-HIGH NET PROFIT FOR 2021, BRISK INVESTMENT ACTIVITY CONTINUED

### October–December 2021

- Operating profit was EUR 1.9 (6.0) million
- Net profit for the period was EUR 3.3 (5.0) million
- Earnings per share (undiluted and diluted) were EUR 0.06 (0.09)
- The acquisition of Rakennuttajatoimisto HTJ was completed in October
- In October, Indoor Group paid dividends of approximately EUR 15 million, Sievi Capital's share of the dividends was approximately EUR 8.7 million.
- The holding in KH-Koneet Group was increased in November
- The contemplated combination of Sievi Capital and Boreo was cancelled in December

### January–December 2021

- Operating profit was EUR 20.2 (11.7) million
- Net profit for the period was EUR 18.4 (9.9) million
- Earnings per share (undiluted and diluted) were EUR 0.32 (0.17)
- Net asset value per share at the end of the review period was EUR 1.61 (1.33)
- Return on equity was 21.6% (12.7%)
- Gearing at the end of the review period was 8.6% (-11.1%)

*Figures in parentheses are reference figures from the corresponding period in the previous year, unless indicated otherwise. The figures in the Financial Statements Release are audited. Sievi Capital does not consolidate the data of its subsidiaries into Group-level calculations line item by line item but recognises investments in the companies at fair value through profit or loss.*

### Proposal for the distribution of profit

The Board of Directors proposes to the Annual General Meeting that no dividend for the past financial period be distributed by resolution of the Annual General Meeting, but that the Annual General Meeting authorise the Board of Directors to decide later, at its discretion, on the distribution of a dividend of a total maximum of EUR 0.05 per share in one or more instalments.

The profit distribution proposal of the Board of Directors takes into account the company's liquidity situation at the time of making the profit distribution proposal after the acquisitions of investments carried out last year and expected cash flows during the current year. The Board of Directors aims to use the proposed authorisation during the current year.

### CEO Jussi Majamaa:

“The year 2021 did not end up as a return to the old normal after the very exceptional year 2020, but we, our target companies and society as a whole had to continue to operate in an exceptional and rapidly changing environment. However, the year 2021 turned out to be financially excellent for Sievi Capital: the net profit for the period of EUR 18.4 million was at the highest level in our history as an independent company after the demerger in 2012, and return on equity returned to above our long-term minimum target level, amounting to 21.6%, after one year of falling short of it. Underlying the good financial development was the success of our largest target companies, Indoor Group and KH-Koneet Group, as well as the significant dividend income we received from Indoor Group during the year.

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With regard to business operations, 2021 was not an easy year for our target companies. The net sales of all companies grew from the previous year either organically or as a result of acquisitions, but profit performance was more varied. Problems in international logistics, challenges in the availability of products and components, and price increases hampered the business operations of most of our companies and influenced their profitability development. The great success of the year was KH-Koneet Group, whose significant investments in the Swedish market in recent years have borne fruit. The company's net sales increased by 40% and EBITDA by 61% last year, especially due to the excellent development of the Swedish business. Although the company's outlook for the current year is uncertain due to challenges with the availability of machines, we believe that the company still has a lot of potential to continue to grow its business in the coming years. As proof of this, we increased our holding in the company in a transaction completed in November once the opportunity to do so arose.

In addition to our follow-on investments in KH-Koneet Group and Nordic Rescue Group, we made an initial investment in HTJ in October. HTJ is a well-managed company with a strong market position. The company's development has so far been positive in our short investment period and our cooperation with the company's management and the Board of Directors has gotten off to a good start. We consider the company to have a good opportunity to grow its operations both organically and through potential acquisitions. With regard to the latter, we have launched active measures together with the company, and our goal is to complete the first follow-on acquisition of the company this year.

A significant phase in Sievi Capital's year was the planned combination with Boreo Plc. A letter of intent concerning the combination was signed in August and the combination agreement was signed at the end of September. The combination was to be decided on by extraordinary general meetings in December, but it was clear after the advance votes that the proposed merger would not receive sufficient support from the shareholders of Sievi Capital. For this reason, the general meeting was cancelled and the companies agreed to terminate the combination agreement. In addition to the considerable amount of time spent by our own team, the preparation of the planned combination required a large amount of external resources, which caused significant costs to Sievi Capital. After the combination was cancelled, we will continue to evaluate the company's strategic options. Our aim continues to be to increase the shareholder value.

The M&A market has continued in strong traction. Our focus has recently been more on other matters than seeking new initial investments, such as the company's strategy work, the development of our target companies and their M&A opportunities. However, we will also continue our brisk investment activities in accordance with our current strategy, with the aim of making one to two initial investments annually."

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## Target companies

### Indoor Group

*Indoor Group's Asko and Sotka chains are among Finland's best-known home furniture and interior decoration retailers. In addition to the retail chains, the Group includes the furniture factory Insofa. Asko and Sotka have more than 90 stores in Finland and Estonia as well as rapidly growing online store operations.*

The demand situation in Indoor Group's markets was generally good in 2021. Demand grew from the previous year, especially during the spring, due to the exceptional situation in 2020, but then stabilised. Challenges with product availability hampered operations throughout the year, slowing down deliveries to customers and thus the revenue recognition of sales. The increase in the purchase and freight prices of the products affected the costs of the Indoor Group in the second half of the year in particular.

Indoor Group's net sales increased by 2% to EUR 204.8 million in 2021. The growth in net sales was strong in the first half of the year, but in the second half of the year, net sales remained below the strong benchmark. The favourable growth in online sales continued: online sales accounted for more than 15% of sales during the year.

Although net sales increased, as a result of the increase in fixed costs, operating profit for 2021 fell short of the comparison period and amounted to EUR 14.1 million. The increase in fixed costs was due to the cost adjustment measures implemented in the reference year in the exceptional market environment, among other things. The level of fixed costs was also affected by the fact that in its financial statements for 2021 the company retrospectively adopted a new accounting method for recording the costs of configuring and customising software produced as cloud services. The change in the accounting policy was related to the relevant agenda decision of the IFRS Interpretations Committee in 2021. As a result of the new accounting policy, expenses related to the configuration and customisation of the company's cloud services are not primarily capitalised; instead, they are recorded as an expense at a time. The change in the accounting policy had an impact of EUR -1.6 million on the operating profit for 2021. As a result of the change in the accounting policy, the comparison figures have also changed. The change will not impact cash flow or the FAS EBITDA of Indoor Group reported as additional information in Sievi Capital's reports.

Indoor Group's business generates strong cash flow. Made possible by the strong cash flow and earnings performance over the past few years, the company distributed significant dividends totalling approximately EUR 19.7 million to its shareholders during the year. Sievi Capital's share of the dividends paid was EUR 11.5 million.

One of Indoor Group's most important ongoing development projects in 2021 was the renewal project of the ERP system. This project will continue to play an important role in 2022. The company's previous plan was to fully deploy the system in several stages during the current year. According to updated plans, the deployment of the system will take place in stages between the third quarter of 2022 and the first quarter of 2023. The renewal of the ERP system is a major project that requires a lot of Indoor Group's internal and external resources. The total cost of the project is estimated to be approximately EUR 6 million, of which a significant part is expected to be incurred in 2022. Due to the changed accounting practice for cloud service projects, the costs arising from the project are mainly recognised as an expense as they are incurred. The new ERP system is expected to allow better development and management of Indoor Group's business than before. The system will support Indoor Group's multi-channel business model much better than the current system, including the strongly growing online business, enable better supply chain management and business management, and reduce manual and duplicate work.

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## Indoor Group Holding Oy's key figures

EUR million	1-12/2021	1-12/2020 <sup>(6)</sup>
Net sales	204.8	199.9
EBITDA <sup>(1)</sup>	32.3	34.6
EBIT <sup>(2)</sup>	14.1	15.6
EBITDA (FAS) <sup>(3)</sup>	16.1	17.3
Interest-bearing net debt at the end of the period <sup>(4)</sup>	74.1	69.3
Sievi Capital's holding at the end of the period <sup>(5)</sup>	58.3%	58.2%

The key figures are consolidated IFRS figures derived from audited financial statements, unless indicated otherwise

(1) EBITDA = operating profit + depreciation and amortisation

(2) EBIT = operating profit (earnings before interest and taxes)

(3) Unaudited EBITDA calculated according to the Finnish Accounting Standards (FAS)

(4) Interest-bearing net debt = interest-bearing debt - cash and cash equivalents and loan receivables. Interest-bearing debt on 31 December 2021 includes EUR 56.3 (66.6) million in debt associated with IFRS 16.

(5) of outstanding shares

(6) The figures for 2020 have been adjusted retrospectively due to changed accounting practice for expenditure related to cloud services

## KH-Koneet Group

KH-Koneet Group is one of the leading construction and earth-moving machinery suppliers in the Nordic countries. The company offers a comprehensive range of machinery, equipment and services for the needs of earthworks, property maintenance and material handling. The brands represented by KH-Koneet Group include Kobelco, Kramer, Wacker Neuson and Yanmar.

The demand in KH-Koneet Group's main markets was mainly at a good level throughout 2021. Challenges emerged in the operating environment as the availability of machines weakened during the year. Availability challenges were reflected in delayed deliveries and extended delivery times for new orders. The general increase in costs is also reflected in the prices of earth-moving machinery, but the effects of price increases will primarily be visible in KH-Koneet Group only in the current year.

KH-Koneet Group's net sales increased by 40% year-on-year in 2021 to EUR 168.7 million. As in the previous year, the growth was driven by the company's Swedish business, the net sales of which more than doubled from the previous year. The Finnish business operations also developed very well and their total net sales grew from the previous year. Driven by the strong development of net sales, also profit development was very positive, with KH-Koneet Group's EBITDA increasing by 61% year-on-year to EUR 10.3 million. Relative profitability also improved from the previous year. The profitability of the growing Swedish business was still clearly lower than that of the Finnish business, although it improved significantly from the previous year.

The Swedish business has been a very important focus for KH-Koneet Group after the company expanded into the country with an acquisition in late 2019. Since the first acquisition, the business has been developed significantly, including through the acquisition of a rental company, new dealership agreements, the expansion of its own and dealer network, and the development of its organisation, operations and processes. As a result of these measures, the development has been very positive and the company has considerably increased its scale and weight in the market. The company continues to see clear potential to grow its Swedish business and aims to continue to increase its market shares.

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Ensuring the availability of machinery and equipment for sale was an important focus area for the company in 2021, and it succeeded well in it. The importance of this work will continue to play a major role in the current year as the availability problems continue. The advantage of the company in this market situation is that it has larger stocks than many other market players as well as long-term and strong relationships with machinery and equipment manufacturers. However, the availability situation causes uncertainty to the otherwise positive market outlook for the current year.

## KH-Koneet Group Oy's key figures

EUR million	1-12/2021	1-12/2020
Net sales	168.7	120.5
EBITDA <sup>(1)</sup>	10.3	6.4
EBITA <sup>(2)</sup>	8.9	5.4
Interest-bearing net debt at the end of the period <sup>(3)</sup>	15.2	18.5
Sievi Capital's holding at the end of the period	90.5%	66.4%

The key figures are consolidated FAS (Finnish Accounting Standards) figures derived from audited financial statements

(1) EBITDA = operating profit + depreciation and amortisation

(2) EBITA = operating profit + depreciation related to intangible assets resulting from corporate acquisitions

(3) Interest-bearing net debt = interest-bearing debt - cash and cash equivalents and loan receivables

## Logistikas

Logistikas offers local logistics, in-house logistics and immediate-proximity warehousing services, logistics expert services and comprehensive procurement services. The company operates in seven locations in Finland, both at its own logistics centres and at customer premises responsible for in-house logistics.

The operating environment posed several challenges to Logistikas' business during the year. The global supply chain challenges affected the demand for the company's services and made it more difficult to anticipate customers' needs. In addition, the coronavirus pandemic complicated the operations of the company's customers, which also had impacts on the demand for Logistikas' services. Even though the challenges in the operating environment have not disappeared, the market situation developed positively in the second half of the year. The challenging operating environment has led to many companies rethinking the organisation of their logistics chains, which provides companies such as Logistikas with opportunities.

Logistikas' net sales in 2021 increased by 10% compared to previous year's pro forma level to EUR 22.0 million <sup>(1)</sup>. Net sales growth was entirely attributable to the acquisition carried out during the year. Organic net sales growth was negative in 2020 due to the decrease in the volume of the procurement business after the termination of a significant customer relationship and due to the slowdown in the growth of the logistics service business caused by the challenges of the operating environment. The EBITDA of Logistikas fell short of the previous year's pro forma level and was EUR 1.7 million. The decrease in EBITDA was due, among other things, to the less favourable sales structure than the previous year in part of the business and fixed costs outgrowing net sales due to the fact that net sales fell short of the target level in the challenging market environment.

A key event in 2021 was the acquisition of Piccolo Packing Oy (now Logistikas Vaasa Oy) and Piccolo Solutions Oy (now Logistikas Tehdaspalvelut Oy) in July. With the acquisition, Logistikas expanded into the Vaasa region, thus strengthening its geographical presence and its ability to better serve new and existing customers. The takeover

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of the acquired companies proceeded as planned. Logistikas sees clear potential to increase the companies' business from their current level, and first concrete advances in this respect were already made during the past year.

For a service company such as Logistikas, two important forward-looking indicators are personnel and customer satisfaction. The company investigated both during 2021 and the results were positive. The results of the personnel survey showed that the company's employees are in a positive mood, committed and value their employer. The results of the study were generally at a good level and mainly improved from the previous study. Based on the customer satisfaction survey, customers are very committed to cooperating with Logistikas. The NPS score was excellent, 63. These, for their part, indicate that the foundation of the company's business is strong and well set for growing the company's business as desired in the coming years.

*(1) The pro forma figures for 2020 that are used as reference figures take into account Logistikas Palvelut Oy and Logistikas Hankinta Oy, acquired in 2020, for the entire year 2020, but exclude the acquisition made in 2021.*

## Logistikas Oy's key figures

EUR million	1-12/2021	1-12/2020
Net sales	22.0	20.0
EBITDA <sup>(1)</sup>	1.7	2.3
EBITA <sup>(2)</sup>	1.3	2.0
Interest-bearing net debt at the end of the period <sup>(3)</sup>	7.0	2.3
Sievi Capital's holding at the end of the period	65.9%	70.0%

*The key figures are consolidated FAS (Finnish Accounting Standards) figures. The 2021 figures are derived from the audited financial statements. The figures for 2020 are unaudited pro forma figures, which have been combined from the figures of the acquired companies Logistikas Palvelut Oy and Logistikas Hankinta Oy until the completion of the acquisition (4 December 2020) and from the figures of the Logistikas Group in the period after that.*

*(1) EBITDA = operating profit + depreciation and amortisation*

*(2) EBITA = operating profit + depreciation related to intangible assets resulting from corporate acquisitions*

*(3) Interest-bearing net debt = interest-bearing debt + purchase price liabilities - cash and cash equivalents*

## Nordic Rescue Group

*Nordic Rescue Group is specialised in rescue vehicles. The Group companies are Vema Lift Oy and Saurus Oy, operating in Finland, and Sala Brand AB, operating in Sweden. Nordic Rescue Group is a leading Nordic company in its field, with a significant share of its business from international trade.*

Nordic Rescue Group's operating environment in 2021 was challenging due to the global availability and delivery time challenges related to truck chassis, several components and raw materials, which complicated the company's production planning and delayed deliveries of products to customers. The development of the intake of new orders did not meet the objectives, in particular in the Chinese market important to the company in previous years. However, Nordic Rescue Group's order book at the end of December was clearly higher than the previous year due to the acquisition made during the year.

The company's net sales increased in 2021 by 26% from the pro forma level of the previous year to EUR 37.6 million <sup>(1)</sup>. The growth was entirely attributable to the acquisition carried out during the year, and organic net sales growth was slightly negative. The company's EBITDA fell considerably short of the previous year's pro

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forma level and was EUR -0.1 million. The decrease in EBITDA was due, among other things, to a negative organic revenue growth, an increase in costs and certain one-time expenses during the period.

As the company's performance was weaker than expected in 2021, it did not meet the financial indicator covenants of its financing agreement as at 31 December 2021. After the end of the financial year, Nordic Rescue Group received the consent of the financing provider to deviate from the covenant terms of the financing agreement. In addition, negotiations have been initiated with the financing provider to adapt the financing agreement and its covenants to better reflect the current situation and prospects of the company.

Nordic Rescue Group's most significant events in 2021 included the acquisition of the Swedish company Sala Brand AB in June and the move of Vema Lift to a new factory in January. Both of these are important steps in Nordic Rescue Group's journey towards being a larger and more international rescue vehicle group. The move of Vema Lift to the new plant has significantly improved the working conditions and the possibilities of improving efficiency and increasing production volumes. However, as expected, the change caused one-time costs and the new larger premises also increased the premises costs. As the production of Vema Lift has not reached the target level and therefore the production capacity has not been fully utilised, the relocation had a negative impact on the profit for 2021.

Nordic Rescue Group was established at the beginning of 2020. Even though the company has taken significant development steps during its short history, its development has not met the expectations in the operating environment that has been challenging in many ways. The company entered the next development phase under a new CEO, with Esa Peltola assuming the position in November. Peltola has long-term experience and solid evidence in the industry. His expertise in the rescue platform business in particular will play a major role in the effort to increase the scale and profitability of Vema Lift, which was the weakest-performing of Nordic Rescue Group's businesses last year, to a clearly better level than last year. Measures in this regard were immediately commenced by the company and the change has been enthusiastically received by the employees. Vema Lift has a strong product portfolio, which is evidenced, among other things, by the order received from India at the end of last year for the first new 90 F rescue platform that reaches a height of 90 metres.

*(1) The pro forma figures for 2020 that are used as reference figures take into account Saurus Oy and Vema Lift Oy, acquired in 2020, for the entire year 2020, but exclude the acquisition made in 2021.*

## Nordic Rescue Group Oy's key figures

EUR million	1-12/2021	1-12/2020
Net sales	37.6	29.8
EBITDA <sup>(1)</sup>	-0.1	1.7
EBITA <sup>(2)</sup>	-0.4	1.4
Interest-bearing net debt at the end of the period <sup>(3)</sup>	7.0	7.8
Sievi Capital's holding at the end of the period	67.9%	69.9%

*The key figures are consolidated FAS (Finnish Accounting Standards) figures. The 2021 figures are derived from the audited financial statements. The figures for 2020 are unaudited pro forma figures, which have been combined from the figures of the acquired companies Saurus Oy and Vema Lift Oy until the completion of the acquisition (6 February 2020) and from the figures of Nordic Rescue Group in the period after that.*

*(1) EBITDA = operating profit + depreciation and amortisation*

*(2) EBITA = operating profit + depreciation related to intangible assets resulting from corporate acquisitions*

*(3) Interest-bearing net debt = interest-bearing debt + purchase price liabilities - cash and cash equivalents and loan receivables*



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## HTJ

*HTJ is one of the leading construction consulting companies in Finland and offers its customers a wide range of expert services in construction management, site supervision, energy and environmental consulting and project management. The company employs approximately 150 experts and has offices in Vantaa, Tampere, Turku and Hämeenlinna.*

The market uncertainty caused by the coronavirus pandemic during 2020 continued to affect HTJ's operating environment in the first half of 2021. The market picked up clearly in 2021 and demand in HTJ's markets was mainly higher throughout the year than in the previous year. At the end of December, HTJ's order book was somewhat higher than in the previous year.

HTJ's pro forma net sales increased by 3% to EUR 19.0 million in 2021. The development of net sales was stable in the first half of the year, but growth increased in the second half of the year as the market situation improved. Driven by the growth in net sales, HTJ's pro forma EBITDA increased slightly from the previous year and was EUR 2.3 million. There were no significant changes in the cost structure compared to the comparison figures and the relative profitability was close to the level of the previous year.

In 2021, important news from the point of view of HTJ's business included agreements announced in the second half of the year on the supervisory tasks in the bridge construction related to the Crown Bridges project of the City of Helsinki and in the construction project of the Helsinki Airport hotel of LAK Real Estate (nowadays AVIA Real Estate). The Crown Bridges project is the largest infrastructure project in the history of HTJ, which will employ an estimated 30 person-years over four years. The airport hotel, on the other hand, is the largest hotel construction project in Finland, and the supervision task further strengthens the strong position of HTJ in the rapidly developing Aviapolis area.

The HTJ Group was formed when Sievi Capital's majority-owned HTJ Holding acquired Rakennuttajatoimisto HTJ in October 2021. The cooperation between the company and Sievi Capital began rapidly immediately after the acquisition. The takeover went well with the company already in a good condition and well-managed. The management of HTJ and the revised Board of Directors have continued the joint strategy work initiated during the preparation phase of the investment. The goal is to grow the business of HTJ across all sectors by continuing to develop the strong service concept and by investing in recruitment to secure the best talent in the industry. As part of the strategy, opportunities to boost growth and strengthen the service offering through acquisitions will be assessed, and active measures have also been commenced in this respect.

## HTJ Holding Oy's key figures

EUR million	1-12/2021	1-12/2020
Net sales	19.0	18.5
EBITDA <sup>(1)</sup>	2.3	2.3
EBITA <sup>(2)</sup>	2.2	2.1
Interest-bearing net debt at the end of the period <sup>(3)</sup>	5.7	-
Sievi Capital's holding at the end of the period	92.4%	-

*The key figures are consolidated FAS (Finnish Accounting Standards) figures. The figures for 2021 are unaudited pro forma figures, which have been combined from the figures of the acquired company Rakennuttajatoimisto HTJ Oy until the completion of the acquisition (4 October 2021) and from the figures of the HTJ Holding group in the period after that. The 2020 figures are derived from the audited financial statements of Rakennuttajatoimisto HTJ Oy.*

*(1) EBITDA = operating profit + depreciation and amortisation*

*(2) EBITA = operating profit + depreciation related to intangible assets resulting from corporate acquisitions*

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*(3) Interest-bearing net debt = interest-bearing debt + purchase price liabilities – cash and cash equivalents and loan receivables. Includes EUR 0.8 million of purchase price liability that is due for payment if the company has received at least an equivalent amount of returns from a specific project*

## Result of investment activities

### October–December

Sievi Capital's operating profit in the fourth quarter was EUR 1.9 (6.0) million, its net profit for the period amounted to EUR 3.3 (5.0) million and earnings per share (undiluted and diluted) were EUR 0.06 (0.09). The operating profit for October–December was significantly affected by the positive change in the value of the KH-Koneet Group investment. The value of the Indoor Group investment decreased significantly during the quarter, but this was mainly due to the major dividend distribution of Indoor Group, which was reflected in the dividend income of Sievi Capital. The dividend paid by Indoor Group in October was approximately EUR 15 million, and Sievi Capital's share of it was approximately EUR 8.7 million. When it comes to other private equity investments, the change in the value of the HTJ investment was positive and negative in the Logistikas and Nordic Rescue Group investments. The operating profit for October–December was also affected by EUR 1.0 million expenses related to the cancelled combination project of Sievi Capital and Boreo.

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Sievi Capital's operating profit in January–December was EUR 20.2 (11.7) million and its net profit for the period amounted to EUR 18.4 (9.9) million. Earnings per share (undiluted and diluted) were EUR 0.32 (0.17), return on capital employed was 22.4% (15.0%) and return on equity was 21.6% (12.7%).

In 2021, interest and dividend income totalled EUR 11.5 (3.2) million. Interest and dividend income consisted mainly of dividend income from Indoor Group received in two instalments, totalling EUR 11.5 million.

Changes in value of investments amounted to EUR 12.9 (10.1) million, of which realised profits/losses & expenses accounted for EUR 0.0 (-2.9) million and unrealised changes in fair values for EUR 12.9 (13.0) million.

No private equity investments were sold during the period and thus there were no realised gains or losses.

The most significant unrealised changes in value during the financial period were the EUR +8.2 million change in the value of the Indoor Group investment, the EUR +7.7 million change in the value of the KH-Koneet Group investment and the EUR -3.9 million change in the value of the Nordic Rescue Group investment. The change in the value of the Logistikas investment in 2021 was +0.2 million and the change in the value of the HTJ investment was +0.9 million. Sievi Capital and the minority shareholders of KH-Koneet Group and HTJ Holding have agreed on a mutual right to complete a transaction concerning all of the shares in the companies held by the minority shareholders if certain conditions are met. Therefore, the investment in said companies is presented as if the company had a 100% holding and the non-controlling interests are presented as contingent liabilities at fair value through profit or loss. Changes in the value of the above contingent liabilities, presented as part of the unrealised changes in the value of investments, had an impact of EUR -0.2 million on the unrealised change in the value of investments.

Sievi Capital's operating expenses increased clearly in 2021 compared to the previous year, and amounted to EUR 4.2 (1.6) million. The increase in expenses was essentially due to the costs related to the cancelled combination project of Sievi Capital and Boreo, which amounted to EUR 1.7 million for the financial year. In

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In addition, expenses during the financial year were affected by, among other things, the transfer tax on the acquisition of KH-Koneet Group shares during the financial year.

## Investment distribution and net asset value

Sievi Capital's investment activities focus on private equity investments in small and medium-sized companies.

At the end of 2021, the fair value of the private equity investments totalled EUR 108.3 (72.4) million, a year-on-year increase of approximately 50 per cent. In addition to the changes in value, the total value of the private equity investments was increased by the HTJ initial investment (+7.8 million), the follow-on investments in KH-Koneet Group (+8.5 million) and Nordic Rescue Group (+2.5 million), and the accounting of KH-Koneet Group and HTJ as if Sievi Capital owned 100% of the companies (+4.0 million before the impact of the changes in value).

Sievi Capital's net asset value per share on 31 December 2021 was EUR 1.61 (1.33). The change in the net asset value resulted from the net profit for the period and the dividends paid during the review period, a total of EUR 0.04 per share.

## Distribution of investments and net asset value

EUR million	31 Dec. 2021	%	31 Dec. 2020	%
<b>Private equity investments</b>				
Indoor Group Holding Oy	49.7	53.2%	41.5	53.6%
KH-Koneet Group Oy <sup>(1)</sup>	36.5	39.1%	17.0	22.0%
Logistikas Oy	6.3	6.7%	6.1	7.9%
Nordic Rescue Group Oy	6.5	7.0%	7.9	10.2%
HTJ Holding Oy <sup>(1)</sup>	9.3	10.0%	-	-
<b>Private equity investments, total</b>	<b>108.3</b>	<b>115.9%</b>	<b>72.4</b>	<b>93.7%</b>
Cash and cash equivalents and other financial assets	1.8	2.0%	8.6	11.1%
Loans from financial institutions	-5.5	-5.9%	-	-
Deferred tax liabilities and assets, total	-6.2	-6.6%	-4.4	-5.7%
Other liabilities, receivables and assets, total <sup>(1)</sup>	-5.0	-5.4%	0.7	0.9%
<b>Total net asset value</b>	<b>93.5</b>	<b>100.0%</b>	<b>77.3</b>	<b>100.0%</b>
<b>Net asset value per share (EUR)</b>	<b>1.61</b>		<b>1.33</b>	

The percentages in the "Distribution of investments and net asset value" table have been calculated on the basis of net asset value.

<sup>(1)</sup> Sievi Capital and all of the minority shareholders of KH-Koneet Group agreed on a mutual right to complete a transaction concerning all of the KH-Koneet Group shares held by the minority shareholders. Therefore, the investment in said companies is presented as if the company had a 100% holding and the non-controlling interests are presented as contingent liabilities at fair value through profit or loss in other liabilities.

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## Financial position and cash flow

Sievi Capital's balance sheet total on 31 December 2021 was EUR 113.5 (83.5) million. Equity ratio was 82.4% (92.6%) and gearing was 8.6% (-11.1%). In October 2021, Sievi Capital took out a new loan of EUR 5.5 million in connection with the completion of the HTJ investment. The loan is due in full 24 months after its withdrawal. In addition to the withdrawal of above-mentioned loan and decrease in cash and cash equivalents, the increase in gearing was due the fact that, as a result of the agreements concluded with the minority shareholders of KH-Koneet Group and HTJ during the financial year, the non-controlling interests in these companies are presented as a contingent liability at fair value through profit or loss, which is taken into account as a financial liability in the calculation of gearing.

Sievi Capital increased its liquidity during the financial year by agreeing on a credit line of EUR 2.0 million, which was fully unused at the end of 2021.

Net cash flow from operating activities amounted to EUR -9.8 (-12.8) million, net cash flow from investing activities to EUR 0.0 (0.0) million and net cash flow from financing activities to EUR 3.1 (-10.9) million. The net cash flow from operating activities for the year was affected by, among other things, purchase of investments totalling EUR 18.8 million and dividends received totalling EUR 11.5 million. The most significant items in the net cash flow from financing were the proceeds from new loan of EUR 5.5 million and the payment of dividends of EUR 2.3 million.

## Personnel

During the review period, Sievi Capital had an average of 7 (5) employees.

On 1 September 2021, Sievi Capital's Board of Directors appointed Jussi Majamaa as the company's CEO. Jussi Majamaa has long and versatile experience in finance, and he has served both Nordic investment banks and a global investment bank during his career. For the past seven years, he has acted as an entrepreneur in the industry. Majamaa took up his duties on 1 September 2021. The company's previous CEO Päivi Marttila left the company at this point.

Markus Peura, CFO of Sievi Capital, announced on 1 September 2021 that he will leave the company. He will remain in his position until March 2022.

## Strategy, financial targets and their realisation

Sievi Capital's strategy is to create long-term value for its owners by making majority investments in unlisted companies and, through active ownership, to help these companies succeed better than their reference group. The company plans to make an average of 1–2 new investments per year, in the range of EUR 5–15 million. It is important for Sievi Capital to see a credible opportunity to achieve its return targets in each new investment. As a result, the number of investments made may vary from year to year. In 2021, Sievi Capital made one new initial investment in accordance with its targets.

Sievi Capital's financial targets are a long-term return on equity of at least 13% and a gearing of at the maximum 20%. In its dividend policy, the aim is to distribute annually an ordinary dividend of approximately 3% of the net asset value per share. In addition, an extra dividend can be distributed after significant exits. In 2021, Sievi Capital achieved its financial target for return on equity and gearing. In 2021, the dividend decisions were in line

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with the dividend policy. The financial targets and their realisation in the past financial period are listed in the table below.

## Financial targets and their realisation

Financial target	Targeted level	Actual realisation in 2021
Return on equity	In the long term at least 13%	21.6%
Gearing	At the maximum 20%	8.6%

Sievi Capital will carry out strategy work during the current year, as part of which alternative strategies for increasing shareholder value that differ from the current strategy will also be considered. Sievi Capital will provide information about any possible changes to the strategy separately once decisions have been made.

## Contemplated combination of Sievi Capital and Boreo

On 18 August 2021, Sievi Capital announced that it had signed a letter of intent, pursuant to which the parties, Sievi Capital and Boreo Plc, were looking into a potential combination. On 29 September 2021, Sievi Capital and Boreo signed a combination agreement and a merger plan to combine the companies through a merger. The proposed combination was planned to be implemented as a statutory absorption merger pursuant to the Finnish Limited Liability Companies Act whereby Sievi Capital would have merged into Boreo. The combination required, among other things, approval by a majority of two-thirds of votes cast and shares represented at the Extraordinary General Meetings of Sievi Capital and Boreo and the obtaining of merger control approvals.

Sievi Capital convened an extraordinary general meeting in November to decide on the proposed merger on 16 December 2021. Based on the result of the advance voting of the General Meeting, the Board of Directors of Sievi Capital determined that the proposal to the General Meeting regarding the merger and the approval of the Merger Plan will not receive the required two-thirds (2/3) majority of the votes and shares represented at the General Meeting. Therefore, Sievi Capital's Board of Directors decided to cancel the General Meeting. Due to Sievi Capital's announcement, Sievi Capital and Boreo agreed to terminate the combination agreement signed by the companies on 29 September 2021 and to file a notification on the expiry of the merger plan to the Trade Register. The cancellation of the General Meeting and the termination of the combination agreement were announced on 14 December 2021.

## Shares, shareholders and share price development

Sievi Capital's share capital at the end of the review period was EUR 15,178,567.50 and the number of shares was 58,078,895. The company has one share class and each share entitles its holder to one vote. All shares carry equal rights to dividends. The company did not own any treasury shares during the review period.

On 7 April 2021, Sievi Capital's Board of Directors decided on a directed share issue without consideration in order to issue, as part of the company's key personnel incentive scheme, matching shares in accordance with the matching share plan 2020–2024 established by the company on 6 March 2020. The share issue decision was based on the share issue authorisation granted to the Board of Directors by the company's Extraordinary General Meeting on 29 January 2020. A total of 104,486 new shares in the company were issued without

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consideration to the key personnel participating in the matching share plan 2020–2024 in accordance with the terms and conditions of the matching share plan.

On 31 December 2021, Sievi Capital had a total of 13,787 (10,440) shareholders. The ten largest registered shareholders owned 41.0% (48.0%) of the shares. Nominee-registered shares accounted for 9.4% (6.4%) of the shares. During the review period, Sievi Capital received four flagging notifications. Three flagging notifications were received from Jussi Capital Oy: on 11 February 2021 about their total holding in Sievi Capital Plc having decreased below thirty per cent (30%), on 12 March 2021 about their holding having decreased below twenty-five per cent (25%) and on 24 March 2021 about their holding having decreased below five per cent (5%). On 24 March 2021, Sievi Capital received a flagging notification announcing that Preato Capital AB's total holding in Sievi Capital Plc had crossed the threshold of twenty per cent (20%).

The closing price of Sievi Capital's share at the end of 2020 was EUR 1.08. During the review period, the highest share price was EUR 2.65, the lowest was EUR 1.06 and the trade-weighted average price was EUR 1.58. At the end of the review period, the closing price was EUR 1.92 and the market capitalisation was EUR 111.3 (62.6) million. The number of Sievi Capital's shares traded on Nasdaq Helsinki during the review period was 84.0 (58.6) million, which accounted for 144.7% (101.2%) of outstanding shares.

## Share-based incentive schemes

On 27 January 2021, Sievi Capital Plc's Board of Directors decided on the launch of a new plan as part of the company's performance-based share scheme. The performance period of the LTI 2021–2023 plan started on 1 January 2021 and the award of shares, if any, will take place in spring 2024, provided that the performance targets for the plan set by the Board of Directors are achieved. The performance targets applied to the plan are based on Sievi Capital's average return on equity. There were five key persons entitled to participating in the plan when it began. If the performance targets set for the plan are fully achieved, the total number of shares awarded on the basis of the plan was at the maximum approximately 0.3 million Sievi Capital shares (gross; half of this in shares and half in cash) upon the commencement of the plan. At the end of 2021, the maximum number of shares in the incentive scheme had decreased to approximately 0.1 million shares.

Sievi Capital's performance-based share scheme consists of individual plans starting annually. Each plan includes a three-year performance period that always starts on 1 January as well as the award of shares, if any, at the end of the performance period, provided that the award terms and conditions are fulfilled. The launching of each individual plan requires separate approval from the company's Board of Directors. Sievi Capital announced the establishment of its performance-based share scheme on 6 March 2020. During the review period, Sievi Capital's Board of Directors decided that the third plan of the performance-based share scheme, which was originally planned to start in 2022, would not be launched.

## The General Meetings and the Board of Directors' authorisations

Sievi Capital's Annual General Meeting was held on 29 April 2021 in Helsinki. In order to prevent the spread of the coronavirus pandemic, the Annual General Meeting was held without shareholders' and their proxy representatives' presence at the meeting venue. The General Meeting adopted the financial statements for the financial period 2020, discharged the members of the Board of Directors and the CEO from liability for the financial period 2020, and adopted, through an advisory resolution, the company's Governing Bodies' Remuneration Report for the year 2020. The Annual General Meeting decided on the distribution of a dividend of EUR 0.04 per share. The dividend was paid on 14 May 2021.

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Current members Kati Kivimäki and Taru Narvanmaa were re-elected to the Board of Directors until the end of the Annual General Meeting of 2022, and Lennart Simonsen, Juha Karttunen and Simon Hallqvist were elected as new members of the Board of Directors for the same term. In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Lennart Simonsen as its Chairman.

KPMG Oy Ab, Authorised Public Accountant firm, was re-elected as the company's auditor. KPMG Oy Ab has notified that Esa Kailiala, APA, will act as the principal auditor for the company.

The General Meeting authorised the Board of Directors to decide on a share issue, in one or more tranches, and/or on issuing special rights to shares. The total allowed number of shares issued on the basis of the authorisation is 11,400,000 shares. In addition, the General Meeting authorised the Board of Directors to decide on repurchasing a maximum of 5,700,000 treasury shares in one or more tranches. The authorisations will be valid until 30 June 2022 and their content is described in more detail in the stock exchange release about the decisions of the General Meeting, published on 29 April 2021.

## The most significant near-term business risks and risk management

The goal of Sievi Capital's risk management is the comprehensive and proactive management of risks. The company aims to detect and identify factors that may have a negative impact on the achievement of the company's goals in a long or short term and to take necessary measures to manage these factors. In risk management, a key role is played by risk management at the level of investments, which is mainly arranged by the target companies themselves. Sievi Capital promotes risk management at the target company level by exercising active control over its holdings and participating in the work of the Board of Directors in target companies.

Sievi Capital is engaged in investment activities. The company's Board of Directors confirms the company's strategy and action plan, which defines goals related to new investments and exits, among other things. The Board of Directors makes decisions on new private equity investments and supervises the execution of investment activities. Due to the company's business, investment strategy and nature of investments, a significant portion of Sievi Capital's most material risks are associated with the company's private equity investments in target companies and the risks related to their operations.

Through its investment activities, Sievi Capital is exposed to general market risks and the company risk of private equity investments. When it comes to general market risks, stock market and interest rate fluctuations, among other things, have an indirect impact on the company's financial performance through changes in the fair value of investments. Changes in stock markets and interest rates are also reflected on the fair values of private equity investments in unlisted companies as these changes influence the discount rates that Sievi Capital uses in its investment valuation models.

The company risk of private equity investments consists of, among other things, risks associated with the target companies' market and competitive situations as well as the target companies' strategic risks, operational risks and financial risks, with material risks including, for instance, liquidity and interest rate risks. The private equity investments made by the company are significant in size and at the end of the review period, the company had private equity investments in a total of five companies. It cannot be guaranteed that target companies or sectors which the company has invested in or will potentially invest in would develop as expected in the future. Pandemics may also have significant direct and indirect impacts on the target company business operations and, as a result, on the fair values of Sievi Capital's investments. The financial results and outlooks of the target companies influence Sievi Capital's financial performance through the changes in the values of the investments

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as the financial development and forecasts of the target companies have a significant impact on the fair values of the investments made in these companies. Changes in the operations of a single target company may have a material negative impact on Sievi Capital's business operations, financial position, results or future outlook.

Due to the illiquid nature of private equity investments, Sievi Capital's most significant strategic risks are associated with investments in new target companies. In addition to selective investment activities, the risk is managed with diligent investment preparations. Diligent preparations refer to, among other things, extensive analyses of potential investments before making actual investment decisions. There are also strategic risks related to investment exits and their timing. The company's structure makes flexible exit times possible but to optimise return on equity, the company aims to time exits to situations in which Sievi Capital considers the value creation strategy that was planned for the investment object in advance to have been implemented and the market situation is favourable for the exit. As the operating environments of the target companies and the M&A market vary, it cannot be guaranteed that conditions favourable for an exit and a favourable M&A market situation coincide. The company aims to manage this risk with long-term exit planning.

Sievi Capital's operational risks include, for instance, dependence on the key personnel's competence and input due to the company's low number of personnel. The company's key personnel play a central role in the establishment, implementation and management of the company's strategy. Measures with which the company tries to protect itself from the key personnel risk include incentive schemes, among other things.

The most essential of the financial risks that Sievi Capital Plc is exposed to is the liquidity risk. The management of the liquidity risk ensures that the company has sufficient funds to make any payments falling due and to make additional investments in target companies in line with the company's value creation strategy.

The escalation of the Ukrainian crisis after the end of the financial period and the resulting sanctions are not expected to have significant direct impacts on Sievi Capital, under current circumstances. However, the prolongation or expansion of the crisis may have potentially significant indirect negative impacts on Sievi Capital through unfavourable developments in financial and capital markets, a decline in the overall economic outlook or a deterioration in the operating conditions of Sievi Capital's target companies, for instance.

## Future outlook

In line with its current strategy, Sievi Capital will continue to explore new investment opportunities. The company plans to make an average of 1–2 new investments per year but the number of investments made may vary from year to year. For existing investments, the active development of the companies' business operations will continue. Exit planning and the assessment of exit opportunities will also continue. Sievi Capital will carry out strategy work during the current year, as part of which alternative strategies for increasing shareholder value that differ from the current strategy will also be considered.

Sievi Capital does not consolidate the data of its subsidiaries into Group-level calculations line item by line item but recognises investments in the companies at fair value through profit or loss. Changes in the fair values of the investments have a material impact on Sievi Capital's results. In addition to the target companies' own development, factors that influence the development of the fair values of the investments include, for instance, the general development of different sectors and national economies as well as changes in their outlooks, the development of stock market and interest rates and other factors beyond Sievi Capital's control. Furthermore, the coronavirus pandemic increases uncertainty when it comes to anticipating development.



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Sievi Capital's financial target is a return on equity of at least 13%, the achievement of which the company considers to be realistic in the long term. Due to the nature of the business, the company's short-term result development is subject to volatility that is difficult to predict. Therefore, Sievi Capital does not provide an estimate of the result development in 2022.

## **The Board of Directors' proposal for the distribution of profit and the Annual General Meeting 2022**

The parent company's distributable funds on 31 December 2021 were EUR 38.8 million. The Board of Directors proposes to the Annual General Meeting that no dividend for the past financial period be distributed by resolution of the Annual General Meeting, but that the Annual General Meeting authorise the Board of Directors to decide later, at its discretion, on the distribution of a dividend of a total maximum of EUR 0.05 per share in one or more instalments. The proposed authorisation would be valid from the date of the resolution until the next Annual General Meeting, however, at the latest until 31 May 2023. The company will publish the Board of Directors' possible dividend distribution decisions separately and confirm the dividend record and payment dates at the same time.

The profit distribution proposal of the Board of Directors takes into account the company's liquidity situation at the time of making the profit distribution proposal after the acquisitions of investments carried out last year and expected cash flows during the current year. The Board of Directors aims to use the proposed authorisation during the current year.

Sievi Capital Plc's Annual General Meeting is scheduled for Wednesday, 11 May 2022. A notice of the Annual General Meeting will be published later as a stock exchange release.

## **Events after the review period**

On 15 February 2022, Sievi Capital announced that Tuomas Joensuu had been appointed interim CFO of Sievi Capital as of 15 March 2022. He joined Sievi Capital in 2019 and has worked as Investment Manager, focusing on investment projects and development of current target companies as well as supporting the company's financial administration.

On 23 February 2022, Sievi Capital announced that Sievi Capital had received a flagging notification announcing that Mikko Laakkonen's holding of shares in Sievi Capital Plc and related votes had crossed the threshold of ten per cent (10%) on 21 February 2022.

Helsinki, 2 March 2022

Sievi Capital Plc  
Board of Directors

## Tables

### Accounting principles

This Financial Statements Release has been prepared in compliance with the IAS 34 standard. The Financial Statements Release has been prepared following the same accounting principles as in the financial statements 2020.

### Alternative Performance Measures

Sievi Capital presents Alternative Performance Measures to describe the financial development of its business operations and to improve comparability between different reporting periods. The Alternative Performance Measures do not replace IFRS key indicators but are reported in addition to them. The Alternative Performance Measures provide the company's management, investors and other parties with significant additional information. The Alternative Performance Measures used by the company include return on equity (%), return on capital employed (%), gearing (%), equity ratio (%) as well as shareholders' equity per share (net asset value per share).

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## Consolidated statement of comprehensive income, IFRS

EUR million	7-12/2021	7-12/2020	1-12/2021	1-12/2020
Interest and dividend income, total	8.8	3.2	11.5	3.2
Realised profits/losses & expenses of investments	0.0	-2.9	0.0	-2.9
Unrealised changes in fair values of investments	1.4	14.6	12.9	13.0
Changes in value of investments, total	1.4	11.8	12.9	10.1
Operating expenses	-3.0	-0.8	-4.2	-1.6
<b>Operating profit</b>	<b>7.1</b>	<b>14.2</b>	<b>20.2</b>	<b>11.7</b>
Financial income	0.0	0.0	0.0	0.0
Financial expenses	0.0	0.0	0.0	-0.1
<b>Profit before taxes</b>	<b>7.1</b>	<b>14.2</b>	<b>20.2</b>	<b>11.6</b>
Income taxes	0.3	-2.2	-1.8	-1.7
<b>Net profit for the period</b>	<b>7.4</b>	<b>12.0</b>	<b>18.4</b>	<b>9.9</b>
<b>Distribution of the net profit for the period</b>				
To equity holders of the parent company	7.4	12.0	18.4	9.9
Earnings per share, undiluted, EUR	0.13	0.21	0.32	0.17
Earnings per share, diluted, EUR	0.13	0.21	0.32	0.17

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## Consolidated balance sheet, IFRS

EUR million	31 Dec. 2021	31 Dec. 2020
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	0.0	0.0
Right-of-use assets	0.2	0.0
Investments at fair value through profit or loss	108.3	72.4
Non-current receivables	0.0	0.0
Deferred tax assets	3.0	1.4
<b>Non-current assets, total</b>	<b>111.6</b>	<b>73.9</b>
<b>Current assets</b>		
Accrued income and other receivables	0.0	1.0
Cash and cash equivalents	1.8	8.6
<b>Current assets, total</b>	<b>1.9</b>	<b>9.6</b>
<b>Assets, total</b>	<b>113.5</b>	<b>83.5</b>
<b>Shareholders' equity and liabilities</b>		
<b>Equity attributable to equity holders of the parent company</b>		
Share capital	15.2	15.2
Reserve for invested unrestricted equity	12.9	12.9
Retained earnings	65.4	49.2
<b>Total equity</b>	<b>93.5</b>	<b>77.3</b>
<b>Non-current liabilities</b>		
Loans from financial institutions	5.5	0.0
Lease liabilities	0.1	0.0
Deferred tax liabilities	9.1	5.8
Other liabilities	4.2	0.0
<b>Non-current liabilities, total</b>	<b>19.0</b>	<b>5.8</b>
<b>Current liabilities</b>		
Lease liabilities	0.1	0.0
Trade and other liabilities	0.9	0.4
<b>Current liabilities, total</b>	<b>1.0</b>	<b>0.4</b>
<b>Shareholders' equity and liabilities, total</b>	<b>113.5</b>	<b>83.5</b>

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## Consolidated cash flow statement, IFRS

EUR million	7-12/2021	7-12/2020	1-12/2021	1-12/2020
<b>Cash flow from operating activities</b>				
Net profit for the period	7.4	12.0	18.4	9.9
Adjustments to the net profit for the period				
Taxes	-0.3	2.2	1.8	1.7
Other adjustments	-10.0	-14.9	-24.3	-13.1
Changes in working capital				
Changes in liabilities	0.6	0.1	0.5	0.1
Changes in receivables	0.0	0.0	0.0	0.0
Purchase of investments	-16.3	-6.5	-18.8	-14.8
Proceeds from and expenses related to sale of investments	0.0	-0.1	0.0	-0.1
Repayment of loan receivables	1.0	0.2	1.0	0.2
Interest received	0.0	0.0	0.0	0.0
Financial expenses paid	0.0	0.0	0.0	0.0
Dividends received	8.7	3.2	11.5	3.2
Taxes paid	0.0	0.0	0.0	0.0
<b>Net cash flow from operating activities</b>	<b>-8.8</b>	<b>-3.7</b>	<b>-9.8</b>	<b>-12.8</b>
<b>Cash flow from investing activities</b>				
Investments in tangible and intangible assets	0.0	0.0	0.0	0.0
<b>Net cash flow from investing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash flow from financing activities</b>				
Investments in other financial assets	0.0	-2.3	0.0	-23.6
Sale of other financial assets	0.0	2.9	0.0	23.5
Proceeds from long-term loans	5.5	0.0	5.5	0.0
Repayment of lease liabilities	0.0	0.0	-0.1	0.0
Share issue	0.0	0.0	0.0	0.2
Dividends paid	0.0	0.0	-2.3	-11.0
<b>Net cash flow from financing activities</b>	<b>5.5</b>	<b>0.6</b>	<b>3.1</b>	<b>-10.9</b>
<b>Change in cash and cash equivalents</b>	<b>-3.4</b>	<b>-3.1</b>	<b>-6.8</b>	<b>-23.7</b>
Cash and cash equivalents at the beginning of the period	5.2	11.7	8.6	32.3
<b>Cash and cash equivalents at the end of the period</b>	<b>1.8</b>	<b>8.6</b>	<b>1.8</b>	<b>8.6</b>

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## Consolidated statement of changes in equity, IFRS

EUR million

	Equity attributable to equity holders of the parent company			Total equity
	Share capital	Reserve for invested unrestricted equity	Retained earnings	
<b>Equity 1 Jan. 2021</b>	<b>15.2</b>	<b>12.9</b>	<b>49.2</b>	<b>77.3</b>
Total comprehensive income			18.4	18.4
Dividends paid			-2.3	-2.3
Share-based incentive schemes			0.0	0.0
<b>Equity 31 Dec. 2021</b>	<b>15.2</b>	<b>12.9</b>	<b>65.4</b>	<b>93.5</b>
<b>Equity 1 Jan. 2020</b>	<b>15.2</b>	<b>12.7</b>	<b>50.2</b>	<b>78.1</b>
Total comprehensive income			9.9	9.9
Share issue		0.2		0.2
Dividends paid			-11.0	-11.0
Share-based incentive schemes			0.1	0.1
<b>Equity 31 Dec. 2020</b>	<b>15.2</b>	<b>12.9</b>	<b>49.2</b>	<b>77.3</b>

## Fair value hierarchies

Hierarchy levels, EUR million	Level 1	Level 2	Level 3	Total
<b>31 Dec. 2021</b>				
Private equity investments			108.3	108.3
<b>Investment assets, total</b>			<b>108.3</b>	<b>108.3</b>
Contingent liabilities			4.2	4.2
<b>Liabilities at fair value through profit or loss, total</b>			<b>4.2</b>	<b>4.2</b>
<b>31 Dec. 2020</b>				
Private equity investments			72.4	72.4
<b>Investment assets, total</b>			<b>72.4</b>	<b>72.4</b>
Contingent liabilities			-	-
<b>Liabilities at fair value through profit or loss, total</b>			<b>0.0</b>	<b>0.0</b>

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The fair values of the hierarchy level 1 are based on quoted prices for identical assets in active markets.

The fair values of the hierarchy level 3 are based on inputs concerning the asset that are not based on observable market data but are instead significantly based on management estimates and their use in generally accepted valuation models. The valuation models used were mainly generally accepted models that are based on cash flow. The coronavirus pandemic has increased the uncertainty related to management estimates in determining the fair values of private equity investments.

Unlisted private equity investments held by the company and contingent liabilities connected to any obligation to redeem shares in the company's target companies have been categorised to the hierarchy level 3 as they do not have quoted market prices and the inputs used in the valuation models cannot be verified on the basis of market data.

There were no transfers between the hierarchy levels during the review period.

## Level 3 specification

EUR million	1-12/2021	1-12/2020
<b>Private equity investments</b>		
<b>Balance at the beginning of the period</b>	<b>72.4</b>	<b>48.5</b>
Additions	22.8	14.8
Reductions		-3.8
Changes in value	13.1	13.0
<b>Balance at the end of the period</b>	<b>108.3</b>	<b>72.4</b>
<b>Fair values at the end of the period</b>	<b>108.3</b>	<b>72.4</b>
<b>Contingent liabilities</b>		
<b>Balance at the beginning of the period</b>	<b>0.0</b>	<b>0.0</b>
Additions	4.0	
Changes in value	0.2	
<b>Balance at the end of the period</b>	<b>4.2</b>	<b>0.0</b>
<b>Fair values at the end of the period</b>	<b>4.2</b>	<b>0.0</b>

If the fair value of contingent liabilities was to increase (decrease) by 10%, this would have an impact of EUR -0.4 million (+0.4 million) on profit before taxes.

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## Sensitivity analysis of level 3 investments 31 December 2021

Investment category	Fair value 31 Dec. 2021, EUR million	Valuation model	Unobservable inputs	Used inputs (weighted average)	Change in valuation if the input changes by +/- 1 percentage points, EUR million
Capital investments	108.3	Discounted cash flows	Discount rate (WACC)	11.1%	-13.2 / +15.9
			Terminal growth	0.0%	+7.9 / -6.6
			Forecast period's (5 y.) net sales growth p.a.	1.7%	+5.9 / -5.7
			Forecast period's (5 y.) EBITDA % <sup>(1)</sup>	7.5%	+10.7 / -10.7

(1) EBITDA = operating profit + depreciation and amortisation. For Indoor Group Holding, the calculation uses EBITDA calculated according to the Finnish Accounting Standards (FAS).

## Sensitivity analysis of level 3 investments 31 December 2020

Investment category	Fair value 31 Dec. 2020, EUR million	Valuation model	Unobservable inputs	Used inputs (weighted average)	Change in valuation if the input changes by +/- 1 percentage points, EUR million
Capital investments	72.4	Discounted cash flows	Discount rate (WACC)	11.5%	-8.2 / +9.8
			Terminal growth	0.0%	+5.0 / -4.2
			Forecast period's (5 y.) net sales growth p.a.	1.6%	+4.1 / -4.0
			Forecast period's (5 y.) EBITDA % <sup>(1)</sup>	7.3%	+7.1 / -7.1

(1) EBITDA = operating profit + depreciation and amortisation. For Indoor Group Holding, the calculation uses EBITDA calculated according to the Finnish Accounting Standards (FAS).

## Transactions with related parties

EUR million	1–12/2021	1–12/2020
<b>Related party transactions</b>		
Fee for consultancy services to a related party company of a member of the Board of Directors <sup>(1)</sup>	0.1	
Common expenses associated with the combination project of Sievi Capital Plc and Boreo Plc <sup>(2)</sup>	0.3	
Share issue for cash to the CEO and other management		0.2
Share transaction concerning Suvanto Trucks Oy's shares <sup>(3)</sup>		1.0
<b>Transactions with related parties, total</b>	<b>0.3</b>	<b>1.2</b>



# Financial Statements Release

Sievi Capital

January–December 2021

(1) Sievi Capital purchased consultancy services from a company that is a related party of a member of the Board of Directors of Sievi Capital. The value of the purchased services was EUR 50 thousand excluding VAT (EUR 62 thousand including VAT) in the financial year ended 31 December 2021, and the purchases were made on normal market terms.

(2) Sievi Capital paid its share of the joint advisor's fee to Boreo Plc that is a related party of a member of the Board of Directors of Sievi Capital. Sievi Capital's share of the costs was EUR 298 thousand excluding VAT (EUR 370 thousand including VAT).

(3) Sievi Capital sold its holding in Suvanto Trucks Oy on 21 December 2020. In the transaction, Suvanto Trucks, which was Sievi Capital's subsidiary before the transaction, acquired the Suvanto Trucks Oy shares owned by Sievi Capital at the purchase price of EUR 1.0 million. The purchase price was paid in instalments during 2021.

## Contingent liabilities

At the end of the period, Sievi Capital had no material off-balance sheet contingent liabilities.

## Key indicators

EUR million	1-12/2021	1-12/2020
Return on equity, %	21.6%	12.7%
Return on capital employed, %	22.4%	15.0%
Gearing, %	8.6%	-11.1%
Equity ratio, %	82.4%	92.6%
Personnel, average	7	5
Earnings per share, EUR, undiluted	0.32	0.17
Earnings per share, EUR, diluted	0.32	0.17
Shareholders' equity per share, EUR	1.61	1.33
Lowest share price, EUR	1.06	0.85
Highest share price, EUR	2.65	1.45
Share price at the end of the period, EUR	1.92	1.08
Market capitalisation at the end of the period, EUR million	111.3	62.6
Number of shares at the end of the period, 1,000	58,079	57,974
Average number of shares, undiluted, 1,000	58,051	57,930
Average number of shares, diluted, 1,000	58,145	57,951

January–December 2021

## Calculation of key indicators

### EUR million

Return on equity, %	$\frac{\text{Net profit for the period} \times 100}{\text{Shareholders' equity (average)}}$
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*The return on equity (ROE) percentage indicates how much return the company is able to generate on the assets invested in it by its owners. It is one of the company's financial targets and an important indicator of the company's success.*

Return on capital employed, %	$\frac{(\text{Profit before taxes} + \text{financial expenses}) \times 100}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average)}}$
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*The return on capital employed (ROCE) percentage indicates how much return the company is able to generate before taxes with the sum of equity and financial liabilities. It complements return on equity as an indicator of the company's success.*

Gearing, %	$\frac{(\text{Financial liabilities}^{(1)} - \text{cash and cash equivalents and other financial assets}) \times 100}{\text{Equity}}$
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*Gearing indicates the ratio of interest-bearing net debt to equity. It gives an idea of the company's capital structure and financial leeway and is one of the company's financial targets.*

Equity ratio, %	$\frac{\text{Shareholders' equity} \times 100}{\text{Balance sheet total} - \text{advance payments received}}$
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*The equity ratio indicates the share of own assets (equity) in the total assets of the company. It gives an idea of the company's financial leeway, among other things.*

Earnings per share	$\frac{\text{Net profit for the period}}{\text{Average number of shares during the period}}$
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Shareholders' equity per share <sup>(2)</sup>	$\frac{\text{Equity}}{\text{Number of shares at the end of the period}}$
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*Shareholders' equity per share or net asset value per share indicates the amount of equity per share.*

Market capitalisation	$\text{Number of shares at the end of the period} \times \text{share price at the end of the period}$
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*(1) Includes loans from financial institutions, lease liabilities and contingent liabilities*

*(2) Corresponds with net asset value per share*

## **Sievi Capital's financial information in 2022**

Financial Statements Release for 2021 on 3 March 2022

Annual Report for 2021 in week 10

Business Review for January–March 2022 on 5 May 2022

Half-Year Report for January–June 2022 on 17 August 2022

Business Review for January–September 2022 on 3 November 2022

Sievi Capital is a partner for Finnish entrepreneurs. We support the growth, performance and value creation of small and medium-sized companies and concurrently build national competitiveness. We believe that we succeed together as co-entrepreneurs. Sievi Capital's share is listed on Nasdaq Helsinki.