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Sievi Capital Plc

Financial Statements Release

January–December 2022

28 February 2023



January–December 2022

SIEVI CAPITAL INITIATED A CHANGE IN STRATEGY, THE TARGET COMPANIES HAD AN EVENTFUL YEAR

October–December 2022

- Operating profit was EUR -1.6 (1.9) million
- Net profit for the period was EUR -1.3 (3.3) million
- Earnings per share (undiluted and diluted) were EUR -0.02 (0.06)
- Indoor Group completed the acquisition of franchisee-operated Sotka stores
- Nordic Rescue Group ceased its rescue lift business
- Sievi Capital initiated a change in strategy to transform into a conglomerate
- Sievi Capital refinanced a loan of EUR 10.0 million

January–December 2022

- Operating profit was EUR -10.1 (20.2) million
- Net profit for the period was EUR -8.2 (18.4) million
- Earnings per share (undiluted and diluted) were EUR -0.14 (0.32)
- Net asset value per share at the end of the review period was EUR 1.47 (1.61)
- Return on equity was -9.2% (21.6%)
- Gearing at the end of the review period was 14.9% (8.6%)

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, unless indicated otherwise. 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 be distributed for the past financial period. 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, expected cash flows during the new year and the investments required by the change in strategy.

CEO Jussi Majamaa:

"Sievi Capital and its target companies had an eventful year in 2022. Due to factors including the war in Ukraine, inflation and rising interest rates, the market environments of the target companies were exceptional in many respects and, consequently, there were differences in financial performance between the target companies. For KH-Koneet Group, Logistikas and HTJ, net sales and EBITDA increased substantially from the previous year. At the same time, Indoor Group and Nordic Rescue Group had a very challenging year and their financial performance was weak. In 2022, we also prepared Sievi Capital's change in strategy to initiate our transformation into a conglomerate.

The focus of the target companies in 2022 was on growth and increasing operational efficiency. KH-Koneet Group had a strong year overall, with its net sales and EBITDA increasing substantially year-on-year. The focus of KH-Koneet Group's growth was once again in Sweden, where the company also grew through the acquisition of Törnells Maskinuthyrning in April. In the autumn, KH-Koneet Group improved the efficiency of its operations in Sweden by streamlining its operating locations and organisation. HTJ carried out its first acquisition under Sievi Capital's ownership by acquiring Infracap, a company specialising in infrastructure and industrial construction

January–December 2022

services, in May. In addition, Logistikas continued its strong growth and signed new complete outsourcing agreements.

Indoor Group had a very challenging year due to weaker demand and cost pressures. The company streamlined its chain management during the review period and, going forward, will carry on its business without franchisee-operated stores. Indoor Group also conducted change negotiations due to the weakened market environment and the company's financial performance. The change negotiations were completed near the end of the year. Nordic Rescue Group also had a difficult year. The company's financial performance has been trending downwards for some time now, particularly due to the loss-making rescue lift business. Late in the year under review, the company decided to cease the manufacturing of rescue lifts, and the company will now operate without the Vema Lift business. At the same time, the fire engine manufacturers Saurus and Sala Brand are healthy and profitable businesses, and Nordic Rescue Group's operations will be on a stronger foundation going forward.

The exceptional and variable business environments of our target companies, along with the changes in the interest rate environment, were reflected in the unrealised changes in the values of investments, which were negative as a whole in 2022. During the review period, we did not make any exits from our target companies and we did not receive any income in the form of dividends or capital repayments, which meant that our return on equity for 2022 was also negative at -9.2%. Despite not earning cash flow income, we maintained our gearing below the threshold specified in our targets. Gearing was 14.9% at the end of the review period. We carried out a refinancing arrangement in December and used the new loan to pay off previous loans that would have been due in October 2023.

Sievi Capital's strategy work was one of the key themes of the year, and we worked on our strategy throughout the year. In December, we announced that we will begin our transformation into a conglomerate in 2023. The medium-term objective is to become an industrial group built around the KH-Koneet Group's business and to divest other target companies in line with previous strategy. The development of the other target companies will continue normally, and we will assess opportunities such as acquisition targets in accordance with the business plan for each company. We will not, however, make any new initial investments. The new strategy will lead to a significant change in our reporting. When the amendments to the Articles of Association related to the change in strategy are adopted by the Annual General Meeting, our current reporting as an IFRS investment entity will cease, and we will consolidate our financial figures as a conglomerate. We believe that this will make the actual value of the business portfolio more transparent. Our journey of transformation is only in its early stages. It will take time and require investments from us. Nevertheless, we are confident that our chosen path is the right direction for the company and it will also reward our shareholders."

January–December 2022

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 approximately 90 physical stores as well as online stores in Finland and Estonia.

Indoor Group's operating environment was challenging throughout the year in many respects. Profitability came under pressure particularly due to the higher freight and purchasing costs of products in the first half of the year. In addition, the dissipating stay-at-home trend, the general rise in inflation accelerated by the war in Ukraine, and declining consumer confidence in their finances had a negative impact on demand. The company had a challenging year in both of its operating countries. In response to the weakened market conditions, Indoor Group took several measures during the year to improve operational efficiency, cut costs and improve margins. The company also conducted change negotiations on personnel-related adaptation measures in the autumn. The negotiations were completed in the fourth quarter. The change negotiations were aimed at achieving cost savings as well as increased operational flexibility. The various adaptation measures are expected to reduce annual costs by approximately EUR 1 million.

In 2022, the company's net sales decreased by 6% year-on-year and operating profit declined substantially. The challenging demand situation was reflected in customer flows and sales, which affected the development of net sales. The higher purchasing and freight prices of products had a negative effect on the gross margin, particularly in the first half of the year. In addition, fixed costs increased from the previous year, which significantly weakened operating profit. EUR 3.2 million in costs related to the ongoing ERP system renewal project were recognised during the review period, which contributed to the increase in fixed costs in the IFRS figures. However, in the second half of the year, freight costs have decreased and the company has optimised the pricing of products, which improved the gross margin slightly. In the fourth quarter, net sales decreased and operating profit was lower than in the comparison period. Indoor Group's working capital was higher than usual in 2022. In addition, profitability was weak and investments were higher than usual, which meant that the company's cash flow was substantially weaker than in the preceding years.

As the company's financial performance was weaker than expected, it did not meet the covenants of its financing agreement on 31 December 2022. However, after the end of the financial year, Indoor Group received the consent of the financing provider to deviate from the covenant terms of the financing agreement.

In 2022, the company implemented development measures in its network of stores, among other areas, with the key measure being the transfer of a total of 13 Sotka stores from franchisees to Indoor Group. Of these, 10 stores were acquired and three were transferred to Indoor Group in accordance with the franchise agreement. The transfers of all 13 stores were completed successfully, and the company had no franchisee-operated stores at the end of 2022. Following the transactions, the management of the store network will be harmonised. Indoor Group also made additional investments in its own furniture production by upgrading the production line of the company-owned Insofa furniture factory.

Indoor Group's ERP system renewal project progressed to the deployment testing phase in 2022. The extensive project has required resources from the company both externally and internally. According to the updated plans, the system will be deployed over several stages in 2023.

January–December 2022

Indoor Group Holding Oy's key figures

EUR million	1-12/2022	1-12/2021
Net sales	192.2	204.8
EBITDA ⁽¹⁾	20.3	32.3
EBIT ⁽²⁾	1.0	14.1
EBITDA (FAS) ⁽³⁾	4.1	16.1
Interest-bearing net debt at the end of the period ⁽⁴⁾	76.4	74.1
Sievi Capital's holding at the end of the period ⁽⁵⁾	58.3%	58.3%

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 2022 includes EUR 51.3 (56.3) million in debt associated with IFRS 16.

(5) of outstanding shares

KH-Koneet Group

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

KH-Koneet Group's operating environment remained stable for the most part in 2022. There was some uncertainty regarding the availability of machinery, particularly in the first half of the year, and some manufacturers also had production challenges and delays in the latter part of the year. However, the overall situation developed favourably towards the end of the year. In both of the company's operating countries, the demand for earth-moving machinery levelled off during the year after exceptionally strong demand in the early part of 2022. While activity in the machine dealership business levelled off, demand in the machinery rental business remained at a good level, and that trend continued in the fourth quarter. The company's broad customer base compensated for the weakened outlook for new construction in both of its operating countries.

KH-Koneet Group's net sales grew by 15% year-on-year in 2022 and amounted to EUR 194.5 million. Net sales increased in both of the company's operating countries, with growth in Sweden being particularly strong. Over 40% of the net sales for the financial year were derived from Sweden, and the Swedish market's share of the company's total net sales increased steadily during the year. The company's EBITDA improved and was EUR 2.4 million higher than in the previous year. The development of EBITDA was supported by the machinery dealership business, which was at a good level overall, and the growth of the machinery rental business both organically and supported by the acquisition of Törnells Maskinuthyrning in April. Net sales and EBITDA for the fourth quarter decreased from the exceptionally high level of the comparison period. The result for the final quarter of the year was also weakened to some extent by a change in recognition practices related to the sale of machinery included in Törnells Maskinuthyrning's fixed asset items, and costs recognised due to specifications to certain accrual practices. These changes had a combined effect of EUR -0.5 million on EBITDA in the fourth quarter.

January–December 2022

In accordance with its long-term strategy, the company continued to grow and develop its business in Sweden in 2022. In addition to achieving organic growth, the company strengthened its market position in Sweden and its ability to provide comprehensive services to its customers by acquiring the machinery rental company Törnells Maskinuthyrning. The company's strong growth has also led to a substantial increase in the costs of its Swedish operations. Consequently, the company carried out cost-cutting measures during the latter part of the year, including the consolidation of certain operating locations, streamlining the organisational structure and improving the efficiency of operating practices in sales. The cost savings began to have a positive impact on the profitability of the company's Swedish operations in the fourth quarter. The company aims to continue to improve its profitability in Sweden to bring the profitability of its Swedish operations close to the level of its Finnish operations.

KH-Koneet Group is at the heart of Sievi Capital's change in strategy, which was announced in December. The medium-term objective is to build an industrial group around KH-Koneet Group. The restructuring will proceed in stages. In 2023, KH-Koneet Group will focus on continuing the current development of its business operations, strengthening its strategic objectives for the coming years, and building improved capabilities with regard to the development of reporting systems, for example.

KH-Koneet Group Oy's key figures

EUR million	1-12/2022	1-12/2021
Net sales	194.5	168.7
EBITDA ⁽¹⁾	12.6	10.3
EBITA ⁽²⁾	10.0	8.9
Interest-bearing net debt at the end of the period ⁽³⁾	27.8	15.2
Sievi Capital's holding at the end of the period ⁽⁴⁾	90.7%	90.5%

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

(4) Of outstanding shares

Logistikas

Logistikas offers local logistics, in-house logistics and immediate-proximity warehousing services, logistics expert services and comprehensive procurement services. The company operates in 10 locations in Finland, both at its own logistics centres and at customer premises responsible for in-house logistics.

The operating environment for logistics services developed favourably in 2022. The supply chain disruptions and customer companies' component availability problems have dissipated and the predictability of the flows of goods has improved substantially. Inventory levels among customer companies are still higher than in the preceding years, which has been favourably reflected in the demand for Logistikas' warehousing and value-added services. The company derives most of its net sales from industrial logistics services. The business outlook for many customers in the sector is favourable in spite of the general economic uncertainties. In addition, many customer companies are increasingly focusing on their core businesses, which has supported the demand for Logistikas' outsourcing services. Inflation increased cost pressures to some extent with regard

January–December 2022

to business premises costs and personnel expenses. The company has taken this into account in its pricing and other operational activities.

Logistikas' net sales increased substantially from the previous year, driven by organic growth as well as an acquisition carried out in 2021. Net sales in 2022 amounted to EUR 31.8 million, representing year-on-year growth of 45%. The company managed to increase its net sales, particularly with regard to its largest customers, by developing its service offering and growing in step with the rising volumes of its customer companies. EBITDA increased by EUR 0.7 million year-on-year due to the growth of net sales. Relative profitability remained close to the previous year's level. EBITDA was affected favourably by the positive development of the sales mix and negatively by rising business premises costs and other fixed expenses. Some of the company's operations in Central Finland were relocated to a different logistics centre late in the year, which caused some non-recurring costs and contributed in part to the increase in fixed expenses. The company's operational efficiency developed favourably in the fourth quarter. Net sales also grew substantially and EBITDA improved year-on-year.

Logistikas continued to implement measures in line with its growth strategy in 2022. In April, for example, the company expanded its operations in Rauma by carrying out a business transfer from Rauma Marine Constructions Oy. As a result of the business transfer, the cooperation between the two companies was expanded to include in-house logistics services for steel production and block manufacturing as well as tool distribution service operations. In line with its long-term growth strategy, Logistikas will continue to actively explore new organic expansion projects in 2023. The company will also regularly assess acquisition opportunities.

The Logistikas organisation was strengthened during the review period by the recruitment of new key employees to support the development of business unit management and the company's administration. The focus of the efforts to strengthen the organisation is on developing the operational efficiency of the business units and building consistent operating models for the company. The demand situation for logistics services is favourable, and the measures to strengthen the organisation put Logistikas in a good position to serve both existing and new customers.

Logistikas Oy's key figures

EUR million	1-12/2022	1-12/2021
Net sales	31.8	22.0
EBITDA ⁽¹⁾	2.4	1.7
EBITA ⁽²⁾	1.9	1.3
Interest-bearing net debt at the end of the period ⁽³⁾	6.6	7.0
Sievi Capital's holding at the end of the period	65.9%	65.9%

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 + purchase price liabilities - cash and cash equivalents.

January–December 2022

Nordic Rescue Group

Nordic Rescue Group specialises in rescue vehicles. The group companies are Saurus Oy in Finland and Sala Brand AB in Sweden. Nordic Rescue Group is a leading Nordic company in its field.

Nordic Rescue Group's market environment in 2022 was again characterised by challenges associated with the availability of truck chassis and various components. These challenges were reflected in costs and delivery schedules. While availability developed favourably in the second half of the year, the rising prices of raw materials and components had a negative impact on the company's operations. In the company's home markets in Finland and Sweden, the public sector procurement of rescue vehicles has continued at a fairly good level. In addition, maintenance agreements have increased the visibility of demand. At the same time, the impact of the reform of social welfare and health care services in Finland on the procurement of rescue equipment remains uncertain. At the end of 2022, the order books of Saurus and Sala Brand were higher than in the previous year, which provides a good foundation for operations in 2023. The company has also taken the higher prices of raw materials and components into account in its pricing.

There was a significant change in Nordic Rescue Group's operations in the fourth quarter, as the company ceased the manufacturing of rescue lifts. Vema Lift, a company with a strong focus on exports, had been part of Nordic Rescue Group since 2020. However, the COVID-19 pandemic and the shutdown of the Chinese market led to a significant change in demand and financial difficulties for Vema Lift. Vema Lift filed for bankruptcy in December 2022 and the parent company Nordic Rescue Group is the largest creditor of Vema Lift's bankruptcy estate. More information on Nordic Rescue Group's share of the bankruptcy estate is expected to be available in the first half of 2023. The discontinuation of the rescue lift business has no impact on the business operations of Saurus and Sala Brand. Both companies have conducted their business independently.

The company's net sales increased by 11% year-on-year and amounted to EUR 41.8 million, of which the discontinued Vema Lift business accounted for EUR 10.2 million. The combined net sales of Saurus and Sala Brand grew year-on-year, but the growth was attributable to an acquisition carried out in 2021. The organic development of net sales was negative due to the lower export volumes of Saurus. EBITDA for 2022 was negative at EUR -2.0 million. Of that amount, EUR -1.9 million was attributable to the Vema Lift business. In 2022, the parent company Nordic Rescue Group's expenses included in EBITDA amounted to EUR 1.5 million, of which non-recurring expenses and costs related to Vema Lift represented approximately EUR 0.9 million. The parent company's organisation and functions have been re-evaluated following the discontinuation of the Vema Lift business. Going forward, the parent company's expenses will be substantially lower than in 2022. Saurus and Sala Brand had positive EBITDA figures in 2022. In the fourth quarter, Nordic Rescue Group's net sales grew and EBITDA declined substantially year-on-year. The result of the fourth quarter was weighed down by a total of approximately EUR 0.4 million impact of negative EBITDA of Vema Lift and the parent company's non-recurring costs and expenses associated with Vema Lift.

Due to the company's weak financial performance, it did not meet the covenants of its financing agreement on 31 December 2022. After the review period, Nordic Rescue Group has continued to negotiate with the financing provider to deviate from the year-end financial covenants and adapt the financing agreement to better reflect the current situation and prospects of the company.

In spite of the challenging year, Nordic Rescue Group continued to develop its companies during the review period. Saurus expanded its maintenance operations during the year by relocating the operations to a new separate facility in Jyväskylä. This enables Saurus to serve its maintenance customers more efficiently and on a more diverse basis. Sala Brand focused on streamlining assembly processes and improved its operational

January–December 2022

efficiency. In spite of the challenges it experienced during the review period, Nordic Rescue Group enters 2023 with more positive expectations than it did in 2022. The company has two strong and well-known rescue vehicle brands, and the development of the businesses will continue in the new year.

Nordic Rescue Group Oy's key figures

EUR million	1-12/2022	1-12/2021
Net sales	41.8	37.6
EBITDA ⁽¹⁾	-2.0	-0.1
EBITA ⁽²⁾	-2.3	-0.4
Interest-bearing net debt at the end of the period ⁽³⁾	12.8	7.0
Sievi Capital's holding at the end of the period ⁽⁴⁾	68.1%	67.9%

The key figures are consolidated FAS (Finnish Accounting Standards) figures. The figures for 2022 are unaudited. Nordic Rescue Group's key figures include the rescue lift business that was discontinued in December 2022.

(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. On 31 December 2022, interest-bearing debt included EUR 1.9 million in loans from owners and related interest liabilities, of which Sievi Capital's share was EUR 1.4 million

(4) Of outstanding shares

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 200 experts and serves customers across Finland.

The operating environment in the construction sector was characterised by increased uncertainty in 2022. This was mainly due to the sharp rise in construction costs and problems associated with the availability of materials. However, the uncertainty had a relatively small impact on HTJ's operations, being primarily reflected in the postponed start of certain individual projects. The rise in construction costs levelled off in the second half of the year, and this trend is expected to continue in 2023. The demand for HTJ's services has remained at a good level, and the company was active in tendering in all of its business segments in 2022. The favourable demand situation has been supported by HTJ's broad customer base, with the public sector representing over 60% of net sales, and the company's comprehensive range of services. HTJ's order book at the end of 2022 was strong, exceeding the previous year.

HTJ's net sales in 2022 increased by 22%, when compared to the previous year's pro forma level, to EUR 23.1 million. The growth of net sales included both organic growth and growth driven by the Infrap acquisition. Organic growth was mainly derived from infrastructure and industrial services, which were further strengthened by the acquisition. Supported by the acquisition, the company's EBITDA rose to EUR 2.9 million, representing a year-on-year increase of EUR 0.5 million. In spite of the improved EBITDA, profit performance was adversely affected by higher-than-usual sickness-related absences, which reduced the invoicing rate, and increased personnel expenses. The Infrap acquisition also generated some non-recurring expenses in 2022. In the fourth quarter, net sales increased and EBITDA improved substantially year-on-year.

January–December 2022

HTJ strengthened its service offering on multiple fronts in 2022. In May, the company acquired Infracore, which strengthened HTJ's infrastructure and industrial services. The acquisition significantly expanded the geographic coverage of HTJ's operations, allowing the company to serve customers across Finland. During the review period, the company also won new projects through competitive tendering, where it has been able to leverage the expanded capabilities and services gained from the acquisition. Establishing the Environmental and Energy Services business area was another important step in the company's development. HTJ provides project-specific services to help customers manage and monitor their environmental targets, and looks for suitable operating models and solutions for sustainable construction management. The demand for the company's environmental and energy services has been good and is expected to grow further in the future.

Personnel satisfaction and customer satisfaction are important aspects of HTJ's strategy, and they are regularly measured. The company carried out personnel satisfaction and customer satisfaction surveys in the fourth quarter, and the results were very positive. Highly competent employees with a high level of well-being are a key success factor for HTJ. This also affects employee commitment and, consequently, customer satisfaction.

HTJ Holding Oy's key figures

EUR million	1–12/2022	1–12/2021
Net sales	23.1	19.0
EBITDA ⁽¹⁾	2.9	2.3
EBITA ⁽²⁾	2.8	2.2
Interest-bearing net debt at the end of the period ⁽³⁾	8.1	5.7
Sievi Capital's holding at the end of the period	91.7%	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.

(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. 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 -1.6 (1.9) million, its net profit for the period amounted to EUR -1.3 (3.3) million and earnings per share (undiluted and diluted) were EUR -0.02 (0.06). The key factors influencing operating profit in October–December were the positive change in the value of the KH-Koneet Group investment and the negative changes in the values of the Nordic Rescue Group and Indoor Group investments. Among the other private equity investments, the investments in HTJ and Logistikas had positive changes in value.

January–December 2022

January–December

Sievi Capital's operating profit in January–December was EUR -10.1 (20.2) million and its net profit for the period amounted to EUR -8.2 (18.4) million. Earnings per share (undiluted and diluted) were EUR -0.14 (0.32), return on capital employed was -10.0% (22.4%) and return on equity was -9.2% (21.6%).

Sievi Capital's interest and dividend income in 2022 amounted to EUR 0.0 (11.5) million.

Changes in the value of investments amounted to EUR -7.9 (12.9) million, of which the realised profits/losses and expenses of investments accounted for EUR 0.0 (0.0) million and unrealised changes in fair values for EUR -7.9 (12.9) 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 -9.9 million change in the value of the Indoor Group investment, the EUR +6.3 million change in the value of the KH-Koneet Group investment and the EUR -4.8 million change in the value of the Nordic Rescue Group investment. The change in the value of the Nordic Rescue Group investment includes an adjustment of EUR 1.3 million recognised in April with regard to an investment made in the form of a junior loan. The change in the value of the Logistikas investment in 2022 was +0.2 million and the change in the value of the HTJ investment was +0.9 million. The key factors in the changes in value included the financial performance of the target companies as well as changes in the interest rate environment, which led to a substantial increase in the discount rates used in valuations during the review period.

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 liabilities related to the redemption of the minority interest, recognised at fair value through profit or loss in other liabilities. Changes in the value of the above liabilities, presented as part of the unrealised changes in the value of investments, had an impact of EUR -0.6 million on the unrealised change in the value of investments.

Sievi Capital's operating expenses decreased substantially in 2022 and amounted to EUR 2.2 (4.2) million. The cost level in 2021 was significantly affected by costs related to the cancelled merger project of Sievi Capital and Boreo, which amounted to EUR 1.7 million.

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 2022, the fair value of the private equity investments was EUR 102.4 (108.3) million, corresponding to a year-on-year decrease of approximately 5 per cent. The total value of the private equity investments declined year-on-year due to a decrease in fair values. While no initial investments were made during the review period, a follow-on investment was made in Nordic Rescue Group in the form of a junior loan (EUR +1.3 million). Sievi Capital's net asset value per share on 31 December 2022 was EUR 1.47 (1.61).

January–December 2022

Distribution of investments and net asset value

EUR million	31 Dec. 2022	%	31 Dec. 2021	%
Private equity investments				
Indoor Group Holding Oy	39.8	46.8%	49.7	53.2%
KH-Koneet Group Oy ⁽¹⁾	42.8	50.3%	36.5	39.1%
Logistikas Oy	6.5	7.6%	6.3	6.7%
Nordic Rescue Group Oy ⁽²⁾	3.0	3.6%	6.5	7.0%
HTJ Holding Oy ⁽¹⁾	10.2	12.0%	9.3	10.0%
Private equity investments, total	102.4	120.3%	108.3	115.9%
Cash and cash equivalents and other financial assets	2.2	2.6%	1.8	2.0%
Loans from financial institutions	-9.9	-11.6%	-5.5	-5.9%
Deferred tax liabilities and assets, total	-4.1	-4.8%	-6.2	-6.6%
Other liabilities, receivables and assets, total ⁽¹⁾	-5.5	-6.4%	-5.0	-5.4%
Total net asset value	85.1	100.0%	93.5	100.0%
Net asset value per share (EUR)	1.47		1.61	

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

(1) Sievi Capital and all of 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 held by the minority shareholders. Therefore, the investment in said companies is presented as if Sievi Capital had a 100% holding and the non-controlling interests are presented as liabilities at fair value through profit or loss in other liabilities.

(2) Includes Sievi Capital's loan and interest receivables from the company (totalling EUR 1.4 million on 31 December 2022)

Financial position and cash flow

Sievi Capital's balance sheet total on 31 December 2022 was EUR 109.3 (113.5) million. The equity ratio was 77.9% (82.4%) and gearing was 14.9% (8.6%). Sievi Capital took out a loan of EUR 4.5 million in March for the purpose of the company's investment activities and other general financing needs. In December, the company refinanced loans of EUR 10.0 million that would have been due in October 2023. The loan taken in December will fall due in one instalment in December 2024. The loan agreement includes a financial covenant based on Sievi Capital's equity. The terms of the covenant were met at the end of the review period.

Net cash flow from operating activities amounted to EUR -3.9 (-9.8) million, net cash flow from investing activities to EUR 0.0 (0.0) million and net cash flow from financing activities to EUR 4.3 (3.1) million. During the review period, Sievi Capital did not receive any dividends or make any new initial investments, which was a key difference to the comparison period with regard to net cash flow from operating activities.

The year-on-year change in net cash flow from financing activities was particularly attributable to the dividends of EUR 2.3 million paid in the comparison period. In addition, loans were drawn and repaid during the review period with a net effect of EUR 4.4 (5.5) million on cash flow from financing activities.

January–December 2022

Personnel

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

Tuomas Joensuu became the interim CFO of Sievi Capital in March 2022, following the departure of the previous CFO Markus Peura from the company. Sievi Capital had previously announced Peura's departure in September 2021.

Strategy and transformation into a conglomerate

Since 2016, Sievi Capital's strategy has been focused on private equity investments in unlisted Finnish SMEs. Sievi Capital's strategy as a private equity investment company has been 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 objective has been 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 has potentially varied from year to year. Sievi Capital did not make any new initial investments in 2022.

On 15 December 2022, Sievi Capital announced it is initiating a change in strategy that will transform the company from a private equity investment company into a conglomerate during 2023. The medium-term objective is to become an industrial group built around the KH-Koneet Group's business and to divest other target companies in line with the previous investment strategy. In addition, the conglomerate will include Sievi Capital's other current target companies Indoor Group, Logistikas, Nordic Rescue Group and HTJ. The development of these target companies will continue in the same way as before, and the aim is to divest them in line with the previous investment strategy.

The change in structure into an industrial group will proceed in stages over the coming years, taking into account the preconditions set by the business. Sievi Capital's strategy will no longer include making private equity investments in new industries. The proceeds from the divestments of target companies in the coming years are intended to be used for acquisitions supporting KH-Koneet Group, the development of other target companies, for dividends and for strengthening the capital structure.

The Board of Directors of Sievi Capital will propose to the Annual General Meeting to be held on 4 May 2023 that the company's name and line of business be changed in accordance with the change in strategy. The proposals for the new name for the company and amendments to the articles of association will be published separately at the latest in the notice of the general meeting. With the adoption of the amendments to the Articles of Association related to the change in strategy by the Annual General Meeting, Sievi Capital's IFRS reporting as an investment entity will cease, because it no longer meets the investment entity exemption under which it has measured subsidiaries at fair value rather than line item by line item consolidation. For this reason, Sievi Capital will report its consolidated financial statements as a conglomerate for the first time in connection with the half-yearly financial report 2023. Sievi Capital's new strategy and financial targets will be discussed in more detail at the Capital Markets Day to be held in autumn 2023.

Financial targets and their realisation

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 2022, Sievi

January–December 2022

Capital achieved its financial target for gearing, but return on equity was below the long-term target. Due to the investments required by the change in strategy, the Board of Directors of Sievi Capital decided not to use the dividend authorisation issued by the Annual General Meeting held on 11 May 2022. Consequently, no dividend was paid in 2022.

Financial targets and their realisation

Financial target	Targeted level	Actual realisation in 2022
Return on equity	In the long term at least 13%	-9.2%
Gearing	At the maximum 20%	14.9%

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. All shares carry equal rights to dividends. The company did not own any treasury shares during the review period.

On 31 December 2022, Sievi Capital had a total of 13,097 (13,787) shareholders. The ten largest registered shareholders owned 42.1% (41.0%) of the shares. Nominee-registered shares accounted for 5.2% (9.4%) of the shares. Sievi Capital received two flagging notifications during the review period. On 23 February 2022, it was disclosed that Mikko Laakkonen's shareholding had exceeded the threshold of 10%. On 23 March 2022, it was disclosed that Mikko Laakkonen's direct shareholding had fallen below the threshold of 10%, but his combined direct and indirect shareholding came to 10.23%.

The closing price of Sievi Capital's share at the end of 2021 was EUR 1.92. During the review period, the highest share price was EUR 1.99, the lowest was EUR 1.00 and the trade-weighted average price was EUR 1.42. At the end of the review period, the closing price was EUR 1.18 and the market capitalisation was EUR 68.4 (111.3) million. The number of Sievi Capital's shares traded on Nasdaq Helsinki during the review period was 27.1 (84.0) million, corresponding to 46.7% (144.7%) of outstanding shares.

Share-based incentive schemes

On 22 December 2022, the Board of Directors of Sievi Capital decided to discontinue the performance-based share scheme for its key personnel established in March 2020. In connection with discontinuing the scheme, the Board of Directors decided to pay cash compensation for the performance periods ending due to the discontinuation to key personnel who have participated in LTI 2020–2022 and LTI 2021–2023 plans initiated thereunder. The total amount of cash compensation to be paid out due to the discontinuation of the scheme is approximately EUR 0.1 million. The cash compensation was recognised in its entirety as an expense for the financial period 2022 and will be paid out after the adoption of Sievi Capital's financial statements for the financial period 2022.

The discontinuation of the share scheme relates to the change in strategy announced by Sievi Capital on 15 December 2022. Consequently, the company's Board of Directors has determined that there are no more grounds for continuing the share scheme established in March 2020. Following the discontinuation of the share scheme, Sievi Capital's diluted earnings per share are equal to the undiluted earnings per share.

January–December 2022

The discontinued performance-based share scheme consisted of three individual plans commencing annually. Each plan included a three-year performance period that always began 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 were fulfilled. The commencement of each individual plan has required separate approval by the company's Board of Directors. In 2021, Sievi Capital's Board of Directors decided that the third plan of the performance-based share scheme, which was originally planned to begin in 2022, would not be commenced. Sievi Capital announced the establishment of its performance-based share scheme on 6 March 2020.

The General Meetings and the Board of Directors' authorisations

Sievi Capital's Annual General Meeting was held on 11 May 2022 in Helsinki. In order to prevent the spread of the COVID-19 pandemic, the Annual General Meeting was held without shareholders' and their proxy representatives' presence at the meeting venue. The shareholders of the company participated in the meeting and exercised their shareholder's rights by voting in advance. The General Meeting adopted the financial statements for the financial period 2021, discharged the members of the Board of Directors and the persons who had served as CEO from liability for the financial period 2021, and adopted, through an advisory resolution, the company's Governing Bodies' Remuneration Report for the year 2021. The Annual General Meeting resolved to 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, for the financial period that ended on 31 December 2021. Due to the investments required by the change in strategy, the Board of Directors of Sievi Capital decided on 15 December 2022 that it will not use the dividend authorisation issued by the Annual General Meeting held on 11 May 2022.

Juha Karttunen, Kati Kivimäki and Taru Narvanmaa were re-elected to the Board of Directors until the end of the Annual General Meeting of 2023, with Timo Mänty and Harri Sivula elected as new members for the same term. In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Juha Karttunen 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 Annual General Meeting resolved to establish a Shareholders' Nomination Board and approve the Charter of the Shareholders' Nomination Board. The Nomination Board is responsible for preparing annually, and as necessary, proposals concerning the composition, election and remuneration of the members of the Board of Directors.

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 2023 and their content is described in more detail in the stock exchange release on the decisions of the Annual General Meeting, published on 11 May 2022.

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

January–December 2022

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 and inflation, which has accelerated in recent times, may also have significant direct and indirect impacts on the target companies' 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 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.

January–December 2022

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 war in Ukraine and the resulting sanctions are not expected to have significant direct impacts on Sievi Capital under the current circumstances. However, the prolongation or expansion of the war 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. Sievi Capital's target companies do not have business operations in Ukraine or Russia.

Future outlook

As a result of the change in strategy announced on 15 December 2022, Sievi Capital will transform from a private equity investment company into a conglomerate during 2023. Sievi Capital's strategy will no longer include making private equity investments in new industries. The medium-term objective is to become an industrial group built around the KH-Koneet Group's business and to divest other target companies in line with previous investment strategy. For Sievi Capital's other investments, the active development of the companies' business operations will continue. Exit planning and the assessment of exit opportunities for the other investments will also continue.

Sievi Capital does not consolidate the figures of its subsidiaries into Group-level calculations line item by line item. Instead, investments in the companies are recognised 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. The COVID-19 pandemic and impacts of the war in Ukraine also increase uncertainty in projections of future development.

The financial target for Sievi Capital's private equity investment activities 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 development of its result in 2023. Sievi Capital's new strategy and financial targets will be discussed in more detail at the Capital Markets Day to be held in autumn 2023.

The Board of Directors' proposal for the distribution of profit and the Annual General Meeting 2023

The parent company's distributable funds on 31 December 2022 amounted to EUR 33.8 million. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the past financial period. 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, expected cash flows during the new year and the investments required by the change in strategy.

Sievi Capital Plc's Annual General Meeting is scheduled for Thursday, 4 May 2023. A notice of the Annual General Meeting will be published later as a stock exchange release.

January–December 2022

Events after the review period

After the review period, Sievi Capital's target company Nordic Rescue Group has continued to negotiate with the financing provider to adapt the finance agreement to better reflect the current situation of the company and the potential consent of the financing provider to deviate from the financial covenants as at 31 December 2022. Nordic Rescue Group did not meet the financial covenants at 31 December 2022 mainly due to the loss making business of Vema Lift, which filed for bankruptcy.

Helsinki, 27 February 2023

Sievi Capital Plc
Board of Directors

January–December 2022

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 2021. The figures presented in the Financial Statements Release are audited, unless indicated otherwise.

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).

January–December 2022

Consolidated statement of comprehensive income, IFRS

EUR million	7-12/2022	7-12/2021	1-12/2022	1-12/2021
Interest and dividend income, total	0.0	8.8	0.0	11.5
Realised profits/losses & expenses of investments	0.0	0.0	0.0	0.0
Unrealised changes in fair values of investments	-3.7	1.4	-7.9	12.9
Changes in value of investments, total	-3.7	1.4	-7.9	12.9
Operating expenses	-1.1	-3.0	-2.2	-4.2
Operating profit	-4.8	7.1	-10.1	20.2
Financial income	0.0	0.0	0.0	0.0
Financial expenses	-0.1	0.0	-0.2	0.0
Profit before taxes	-4.9	7.1	-10.3	20.2
Income taxes	1.0	0.3	2.1	-1.8
Net profit for the period	-3.9	7.4	-8.2	18.4
Distribution of the net profit for the period				
To equity holders of the parent company	-3.9	7.4	-8.2	18.4
Earnings per share, undiluted, EUR	-0.07	0.13	-0.14	0.32
Earnings per share, diluted, EUR	-0.07	0.13	-0.14	0.32

January–December 2022

Consolidated balance sheet, IFRS

EUR million	31 Dec. 2022	31 Dec. 2021
Assets		
Non-current assets		
Property, plant and equipment	0.0	0.0
Right-of-use assets	0.1	0.2
Investments at fair value through profit or loss	102.4	108.3
Non-current receivables	0.0	0.0
Deferred tax assets	4.5	3.0
Non-current assets, total	107.0	111.6
Current assets		
Accrued income and other receivables	0.1	0.0
Cash and cash equivalents	2.2	1.8
Current assets, total	2.3	1.9
Assets, total	109.3	113.5
Shareholders' equity and liabilities		
Equity attributable to equity holders of the parent company		
Share capital	15.2	15.2
Reserve for invested unrestricted equity	12.9	12.9
Retained earnings	57.1	65.4
Total equity	85.1	93.5
Non-current liabilities		
Loans from financial institutions	9.9	5.5
Lease liabilities	0.0	0.1
Deferred tax liabilities	8.5	9.1
Other liabilities	4.8	4.2
Non-current liabilities, total	23.3	19.0
Current liabilities		
Lease liabilities	0.1	0.1
Trade and other liabilities	0.8	0.9
Current liabilities, total	0.9	1.0
Shareholders' equity and liabilities, total	109.3	113.5

January–December 2022

Consolidated cash flow statement, IFRS

EUR million	7-12/2022	7-12/2021	1-12/2022	1-12/2021
Cash flow from operating activities				
Net profit for the period	-3.9	7.4	-8.2	18.4
Adjustments to the net profit for the period				
Taxes	-1.0	-0.3	-2.1	1.8
Other adjustments	3.7	-10.0	8.1	-24.3
Changes in working capital				
Changes in liabilities	0.5	0.6	-0.2	0.5
Changes in receivables	0.0	0.0	0.0	0.0
Purchase of investments	0.0	-16.3	-1.3	-18.8
Proceeds from and expenses related to sale of investments	0.0	0.0	0.0	0.0
Repayment of loan receivables	0.0	1.0	0.0	1.0
Interest received	0.0	0.0	0.0	0.0
Financial expenses paid	-0.1	0.0	-0.2	0.0
Dividends received	0.0	8.7	0.0	11.5
Taxes paid	0.0	0.0	0.0	0.0
Net cash flow from operating activities	-0.9	-8.8	-3.9	-9.8
Cash flow from investing activities				
Investments in tangible and intangible assets	0.0	0.0	0.0	0.0
Net cash flow from investing activities	0.0	0.0	0.0	0.0
Cash flow from financing activities				
Proceeds from long-term loans	9.9	5.5	14.4	5.5
Repayment of long-term loans	-10.0	0.0	-10.0	0.0
Repayment of lease liabilities	-0.1	0.0	-0.1	-0.1
Dividends paid	0.0	0.0	0.0	-2.3
Net cash flow from financing activities	-0.2	5.5	4.3	3.1
Change in cash and cash equivalents	-1.0	-3.4	0.4	-6.8
Cash and cash equivalents at the beginning of the period	3.2	5.2	1.8	8.6
Cash and cash equivalents at the end of the period	2.2	1.8	2.2	1.8

January–December 2022

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	
Equity 1 Jan. 2022	15.2	12.9	65.4	93.5
Total comprehensive income			-8.2	-8.2
Dividends paid				0.0
Share-based incentive schemes			-0.1	-0.1
Equity 31 Dec. 2022	15.2	12.9	57.1	85.1
Equity 1 Jan. 2021	15.2	12.9	49.2	77.3
Total comprehensive income			18.4	18.4
Dividends paid			-2.3	-2.3
Share-based incentive schemes			0.0	0.0
Equity 31 Dec. 2021	15.2	12.9	65.4	93.5

Fair value hierarchies

Hierarchy levels, EUR million	Level 1	Level 2	Level 3	Total
31 Dec. 2022				
Private equity investments			102.4	102.4
Investment assets, total			102.4	102.4
Liabilities related to the redemption of minority interests			4.8	4.8
Liabilities at fair value through profit or loss, total			4.8	4.8
31 Dec. 2021				
Private equity investments			108.3	108.3
Investment assets, total			108.3	108.3
Liabilities related to the redemption of minority interests			4.2	4.2
Liabilities at fair value through profit or loss, total			4.2	4.2

January–December 2022

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. Uncertainties associated with management estimates related to the fair value measurement of private equity investments have been increased by the COVID-19 pandemic, the war started by Russia in Ukraine and its potential indirect impacts, changes in the financial market environment, and inflation. The impacts of the war in Ukraine are discussed more under the headings “Target companies” and “The most significant near-term business risks and risk management” in this report.

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	1-12/2022	1-12/2021
Private equity investments		
Balance at the beginning of the period	108.3	72.4
Increases	1.3	22.8
Changes in value	-7.2	13.1
Balance at the end of the period	102.4	108.3
Fair values at the end of the period	102.4	108.3
Liabilities related to the redemption of minority interests		
Balance at the beginning of the period	4.2	0.0
Increases		4.0
Changes in value	0.6	0.2
Balance at the end of the period	4.8	4.2
Fair values at the end of the period	4.8	4.2

If the fair value of liabilities related to the redemption of minority interests were to increase (decrease) by 10%, this would have an impact of EUR -0.5 million (+0.5 million) on profit before taxes.

January–December 2022

Sensitivity analysis of level 3 investments, 31 December 2022

Investment category	Fair value 31 Dec. 2022, 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	102.4	Discounted cash flows	Discount rate (WACC)	13.2%	-13.9 / +13.2
			Terminal growth	0.0%	+6.0 / -7.7
			Forecast period's (5 y.) net sales growth p.a.	3.2%	+4.7 / -7.3
			Forecast period's (5 y.) EBITDA % ⁽¹⁾	7.3%	+10.1 / -12.8

(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 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 % ⁽¹⁾	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).

Transactions with related parties

EUR million	1-12/2022	1-12/2021
Related party transactions		
Loan to Nordic Rescue Group Oy ⁽¹⁾	1.3	
Fee for consultancy services to a related party company of a member of the Board of Directors ⁽²⁾		0.1
Common expenses associated with the combination project of Sievi Capital Plc and Boreo Plc ⁽³⁾		0.3
Transactions with related parties, total	1.3	0.3

January–December 2022

(1) The owners of Nordic Rescue Group Oy granted a junior loan to the company on 22 April 2022, of which Sievi Capital's share was EUR 1.3 million.

(2) 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.

(3) 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).

Contingent liabilities

On 30 December 2022, Sievi Capital took out a loan of EUR 10.0 million that will be due in one instalment in December 2024. The loan was used for refinancing the previous loans that would have been due in October 2023. The loan agreement includes a financial covenant based on Sievi Capital's equity. The terms of the covenant were met at the end of the review period.

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

Key indicators

EUR million	1-12/2022	1-12/2021
Return on equity, %	-9.2%	21.6%
Return on capital employed, %	-10.0%	22.4%
Gearing, %	14.9%	8.6%
Equity ratio, %	77.9%	82.4%
Personnel, average	5	7
Earnings per share, EUR, undiluted	-0.14	0.32
Earnings per share, EUR, diluted	-0.14	0.32
Shareholders' equity per share, EUR	1.47	1.61
Lowest share price, EUR	1.00	1.06
Highest share price, EUR	1.99	2.65
Share price at the end of the period, EUR	1.18	1.92
Market capitalisation at the end of the period, EUR million	68.4	111.3
Number of shares at the end of the period, 1,000	58,079	58,079
Average number of shares, undiluted, 1,000	58,079	58,051
Average number of shares, diluted, 1,000	58,124	58,145

January–December 2022

Calculation of key indicators

EUR million

$$\text{Return on equity, \%} = \frac{\text{Net profit for the period} \times 100}{\text{Shareholders' equity (average)}}$$

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.

$$\text{Return on capital employed, \%} = \frac{(\text{Profit before taxes} + \text{financial expenses}) \times 100}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average)}}$$

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.

$$\text{Gearing, \%} = \frac{(\text{Financial liabilities}^{(1)} - \text{cash and cash equivalents and other financial assets}) \times 100}{\text{Equity}}$$

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.

$$\text{Equity ratio, \%} = \frac{\text{Shareholders' equity} \times 100}{\text{Balance sheet total} - \text{advance payments received}}$$

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.

$$\text{Earnings per share} = \frac{\text{Net profit for the period}}{\text{Average number of shares during the period}}$$

$$\text{Shareholders' equity per share}^{(2)} = \frac{\text{Equity}}{\text{Number of shares at the end of the period}}$$

Shareholders' equity per share or net asset value per share indicates the amount of equity per share.

$$\text{Market capitalisation} = \text{Number of shares at the end of the period} \times \text{share price at the end of the period}$$

(1) Includes loans from financial institutions, lease liabilities and liabilities related to the redemption of minority interests

(2) Corresponds with net asset value per share

January–December 2022

Sievi Capital's financial information in 2023

Financial Statements Release for 2022 on 28 February 2023

Annual Report for 2022 in week 10

Business Review for January–March 2023 on 4 May 2023

Half-Year Report for January–June 2023 on 17 August 2023

Business Review for January–September 2023 on 1 November 2023

Sievi Capital is a partner for Finnish entrepreneurs. We are on a journey of transformation from a private equity investment company to a conglomerate. Our medium-term objective is to become an industrial group built around the business of our target company KH-Koneet Group. Sievi Capital's share is listed on Nasdaq Helsinki.