Sievi Capital

ANNUAL REPORT 2020

Sievi Capital in brief

Sievi Capital is a Finnish private equity investment company that invests in unlisted small and medium-sized Finnish companies. We are a reliable long-term partner for management and co-owners in target companies. We support the companies' growth, performance and value creation through active ownership. Our active partnership also creates added value for our shareholders.

We always make our investments directly from our balance sheet, which enables agile and flexible investment activities. In all our operations, we are committed to responsible and ethical practices.
Sievi Capital's share is publicly listed on Nasdaq Helsinki.

CONTENTS

Main events in 2020

The year 2020 was exceptional for Sievi Capital, as it was for society as a whole. The coronavirus pandemic hit all our target companies, making the role of a long-term, committed owner even more significant. Despite the coronavirus crisis, the year was good for Sievi Capital.

29 Jan

EXTRAORDINARY GENERAL MEETING
A decision was made on an extra dividend of EUR 0.15 per share.

6 Feb

ACQUISITION OF SAURUS OY AND VEMA LIFT OY
Sievi Capital acquired the majority of shares in these rescue vehicle manufacturers. From now on, the acquired companies are part of the new Nordic Rescue Group Oy.

29 Apr

ANNUAL GENERAL MEETING
A decision was made on a dividend of EUR 0.04 per share for the financial period ended on 31 December 2019.

17 Jun

KH-KONEET GROUP'S EXPANSION IN SWEDEN CONTINUED
Sievi Capital's target company KH-Koneet Group continued its expansion in Sweden by acquiring the entire share capital of the earth-moving machinery rental company S-Rental AB.

4 Dec

ACQUISITION OF THE LOGISTIKAS COMPANIES
The acquisition of the Logistikas companies was completed. Sievi Capital owns the majority of the Group formed by the companies.

21 Dec

DIVESTMENT OF SUVANTO TRUCKS
The agreement to sell Suvanto Trucks was signed. Sievi Capital sold its holding in Suvanto Trucks and the company became wholly owned by its key personnel.

Key figures

RETURN ON EQUITY	EARNINGS PER SHARE	GEARING	DIVIDEND PER SHARE	NET ASSET VALUE PER SHARE
12.7%	EUR 0.17	-11.1%	EUR 0.04*	EUR 1.33

* Proposal of the Board of Directors.

CEO'S REVIEW

Long-term, committed ownership became even more significant during the exceptional year

When the coronavirus crisis hit the country, Sievi Capital was there to support its target companies. The role of a long-term and committed owner became more significant in 2020. Despite the challenges, the year turned out to be a good one – thanks to our target companies' agile response and adaptation to the new circumstances. We made two new investments, exited from our investment in Suvanto Trucks and developed active ownership by focusing on responsibility activities in the target companies. We also gained thousands of new shareholders, offering them the opportunity to invest in unlisted Finnish companies and benefit from their good return potential.

The year 2020 was exceptional for Sievi Capital, as it was for society as a whole. The coronavirus pandemic hit all our target companies, albeit in different ways. Some companies suffered from a rapid decline in demand, others from stagnation in the export trade and difficulties in obtaining components. Crises bring good leaders and previously hidden qualities to the fore and creativity is put to the test. The coronavirus pandemic also forced us and our target companies to change our operating procedures and some of these changes will certainly become permanent practices.

Despite the coronavirus crisis, the year 2020 was good for Sievi Capital. During the year, we paid a total dividend of EUR 0.19 per share. Our gearing was -11.1%, which means we achieved our target (below 20%). However, return on equity, 12.7%, was slightly below the long-term target level (13%).

During the worst of the coronavirus crisis, the M&A market was at a standstill. However, as the exceptional circumstances became more of "the new normal", the market recovered during the autumn. We had a lot of discussions with potential investment target companies and also received numerous inbound contacts. Towards the end of the year, we strengthened our team with a new Investment Director. Now we have the resources for more extensive efforts to build the investment deal flow and make new investments in line with our strategy.

During the year, we made two new investments. Nordic Rescue Group was born in February 2020 when we acquired two rescue vehicle and rescue platform companies: the Jyväskylä-based Saurus and the Kaarina-based Vema Lift, and merged them into a new group. The Group's first year was characterised by the integration of the companies and the orientation of the new management. The spring with coronavirus posed challenges for the Group: in addition to the decline in demand, production had to be rearranged due to the postponement of chassis deliveries. The market situation started to recover in the summer and the order intake clearly improved in the second half of the year. Nordic Rescue Group will begin year 2021 as a clearly stronger company.

In the third quarter, we made a second investment by acquiring the majority in the Rauma-based Logistikas. The

> We are a long-term owner who wants to be there for companies in both good and challenging times.

outsourcing of logistics services is a very interesting business that is also developing in Finland. The company has a solid customer base in industry, trade and the energy sector and good potential for growing organically and through acquisitions.

When the exceptional circumstances began in the spring, Sievi Capital did not stand idly by and watch what would happen to our companies. We took all of our target companies under tight control, launched cash protection measures and worked closely with the financial management of the companies almost on a daily basis. For a couple of months, we worked long hours, but the worst was over by the summer.

The new CEO of Indoor Group, our largest investment, faced trial by fire as soon as she started in March as sales dived the moment the coronavirus crisis began. With our support, the new management started to improve the efficiency of the company's operations, strengthen its online store business and clarify the Group's brands Asko and Sotka. For Indoor Group, the impact of the coronavirus pandemic was V-shaped: a sharp decline followed by a rapid rise. In the end, the year as a whole turned out to be very good.

KH-Koneet Group invested in growth in the Nordic countries during the year. In the summer, it acquired a Swedish earth-moving machinery rental company, the takeover of which succeeded well, and signed several representation agreements. As the owner, we actively supported the company in its acquisitions. The company's net sales increased as a result of the corporate acquisitions, but profitability remained at a lower level than in the previous year, due to company being in growth phase and the more difficult market situation. After several arrangements, the company now has a very similar set of products and services in Sweden as in Finland and the possibilities to grow its business significantly from the current level.

Suvanto Trucks managed to turn things around after the difficult last year and, as the company entered a new development phase, it was a natural time for ownership arrangements. I believe that as an employee-owned company, it is well placed for future development.

As the owner, Sievi Capital actively supports and develops its target companies. Although the past year was exceptional and challenging, we also focused on responsibility activities in our target companies. We have also developed the Board work in our target companies by electing the Board chairpersons from outside Sievi Capital and the target company in question. This has proved to be a good operating model.

In 2020, Sievi Capital gained thousands of new shareholders as our largest owner, Jussi Capital, reduced its holding in accordance with its earlier announcement and submitted a flagging notification, in which it announced its holding had fallen below 50 per cent. The shares sold by Jussi Capital are widely distributed and we did not receive a flagging notification from any shareholders regarding an increase in their holding beyond the flagging limits. This shows that an increasing number of private investors wanted to become owners of Sievi Capital, in other words, to invest in unlisted Finnish companies and benefit from their good return potential.

The year 2021 has begun positively and we believe that this will be a successful year of growth in our target companies. Our goal is to continue making new investments at the annual rate of one or two investments. We are looking for strong companies with significant growth potential. We are a long-term owner who wants to be there for companies in both good and challenging times.

I would like to thank the personnel, management and Board members of our target companies for their good cooperation, our owners and partners for their trust in us and the Sievi Capital team for going the extra mile during the exceptional year!

Päivi Marttila
CEO

Values

ENTREPRENEURSHIP

AGILITY

COMMITMENT

RESPONSIBILITY

Vision

Sievi Capital's vision is to be the most desired partner in ownership arrangements for Finnish small and medium-sized companies.

We offer a growth platform for Finnish SMEs

Sievi Capital is a long-term and committed partner for our target companies, unlisted Finnish SMEs. We will partner with our target companies' entrepreneurs to share the risk and enable them to fully exploit the company's potential with our support.

We offer our shareholders the opportunity to benefit from the increase in the value of our target companies, which we achieve through systematic development work.

WE MAKE FLEXIBLE INVESTMENTS IN STRONG COMPANIES

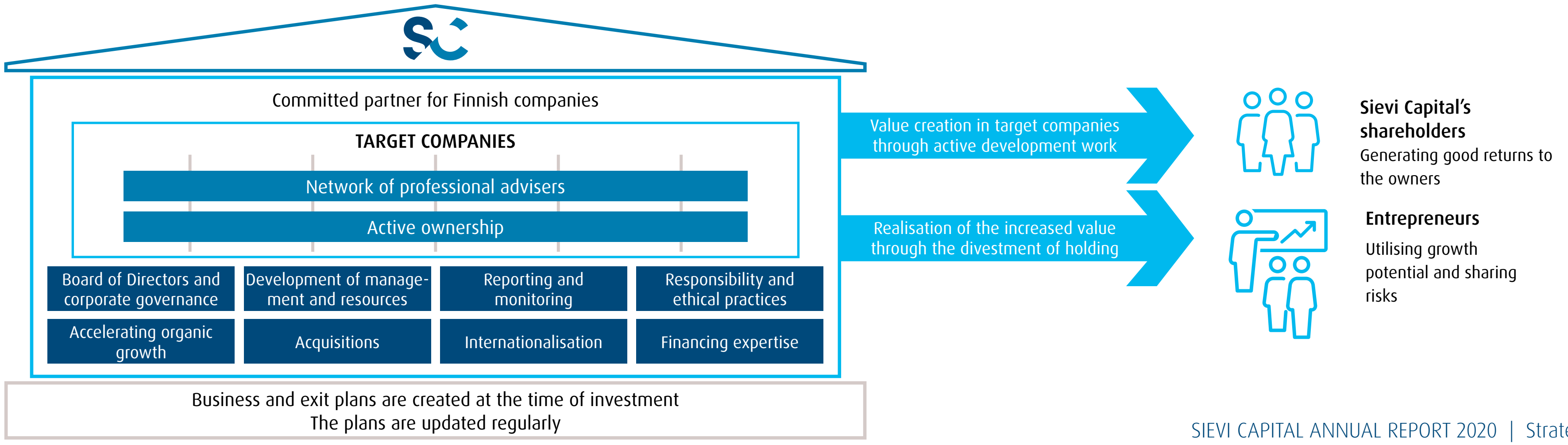
- We invest in small and medium-sized Finnish companies with net sales of EUR 15–100 million. We invest EUR 5–15 million per target. Our goal is to make 1–2 investments per year.
- We are looking for strong companies with profitable business operations and positive cash flow. They have the potential to grow much faster than the industry and gain a significant market position.
- We always seek a majority holding or sufficient control that enables us to choose, change and implement the company's strategy.
- We make investments directly from our balance sheet. Our investment activities are flexible and support the value creation of the target company optimally. As our investments are not strictly tied to time constraints, we are able to operate in an agile manner.

WE INCREASE VALUE THROUGH ACTIVE OWNERSHIP

We offer our target companies the support of Sievi Capital's operational management and the resources of our experienced adviser network.

- We bring expertise, experience and strategic vision to the company's Board of Directors.
- We ensure that the company's management has sufficient resources at its disposal and supplement them, if necessary.
- We revise reporting practices and develop related monitoring.
- Responsibility and ethical practices are an essential element in our operations and target company development.
- We invest in growth, reinforce the organic growth path and ensure sufficient resources for it.
- We adopt an active role in growing the target company through acquisitions. We screen opportunities, conduct calculations and make preparations.
- We support the company in its internationalisation. We offer the company information, experience and networks.
- We plan the most suitable financing for the company and participate in negotiations and the selection of partners.

We create business and exit plans for our target companies at the time of investment. We operate in a goal-oriented manner, develop companies systematically and update plans regularly. By being flexible in timing an exit, we ensure the best possible price at exit.



Sievi Capital is an interesting investment

Our business model creates a growth platform for Finnish SMEs. With our strategic and financial expertise, we enable our target companies to take substantial leaps of growth. Sievi Capital's shareholders get the opportunity to benefit from good return potential in unlisted growth companies and make diversified investments in these promising Finnish companies. In addition, our shareholders are creating wellbeing on a larger scale – they contribute to the development, growth and internationalisation of Finnish business community.

Together with the network of professional advisers, Sievi Capital develops its target companies through active ownership. Our targets are set high and, as the business operations of our target companies develop and their value increases, both the target companies' owner-entrepreneurs and Sievi Capital's shareholders will benefit.

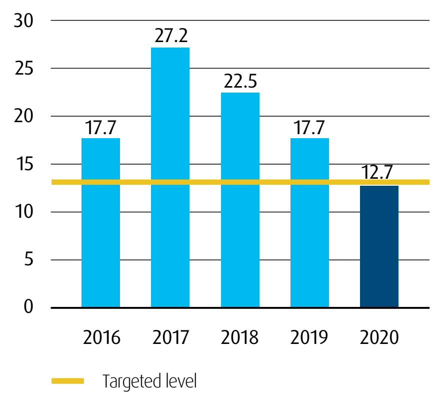
We have a strong track record of success and return on our investment activities has been good in recent years. We plan to make 1–2 new investments per year. However, as our investment criteria are strict and we want to see a credible prospect to achieve our return targets in all of our new investments, the number of investments made may vary from year to year.

Responsibility and ethical practices are an essential element in our operations and target company development. The principles for responsible investment have been integrated into Sievi Capital's investment decision-making process and ownership practices. When making new investment decisions and developing the target companies, Sievi Capital considers it important to understand the long- and short-term risks and opportunities related to target companies' environmental, social and corporate governance aspects.

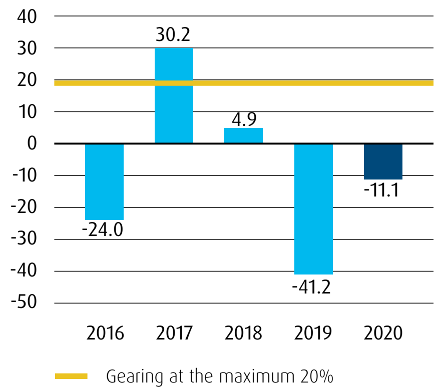
Financial targets and dividend policy

- Return on equity in the long term at least 13%
- Gearing at the maximum 20%
- 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.

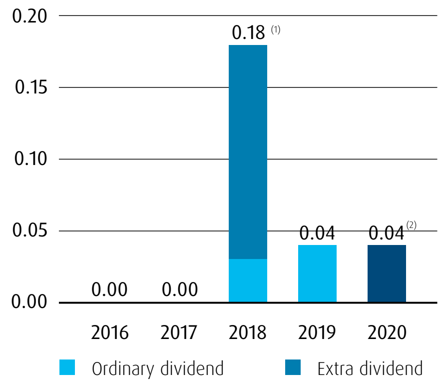
RETURN ON EQUITY



GEARING



DIVIDEND PER SHARE



The dividend policy entered into force in 2018.
(1) The figure for 2018 includes the EUR 0.15 extra dividend per share paid in February 2020.
(2) Proposal of the Board of Directors.

Sievi Capital's target companies

Indoor Group

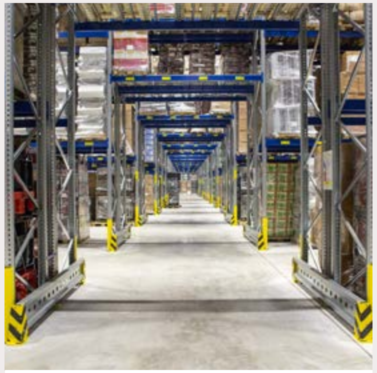
Furniture and
interior decoration retailer

KH-Koneet

Earth-moving
machinery supplier

Logistikas

Comprehensive
logistics service provider



Nordic Rescue Group

Rescue vehicle
system supplier

Indoor Group: A successful year

In 2020, the coronavirus pandemic intensified the homing trend, which was reflected in the high demand for both furniture and interior decoration products. The exceptional year turned out to be successful for Indoor Group: the company's net sales in 2020 were on a par with the previous year, amounting to EUR 199.9 million. Operating profit grew by approximately 70% to EUR 15.3 million.

INVESTMENT'S FAIR VALUE

MEUR 41.5

On 31 Dec. 2020

TARGET COMPANY SINCE

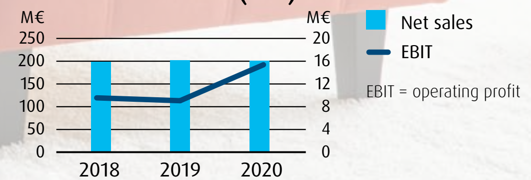
2017

HOLDING

58.2%

On 31 Dec. 2020

NET SALES AND EBIT (IFRS)



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.

Despite its exceptional nature, the year 2020 was very successful for Indoor Group. The company was able to maintain its strong market position and improve its profitability in line with its targets. The spread of the coronavirus pandemic to Finland in the spring initially reduced consumers' willingness to visit brick-and-mortar stores, which was reflected in the strong growth in Sotka's and Asko's online stores. Indoor Group reacted to the situation quickly and efficiently with various adjustment measures and cost savings. Ensuring the safety of both customers and the personnel became increasingly important. Due to the coronavirus situation, people spent more time at home and their enthusiasm for home and gardening clearly grew during the spring and the summer. This further intensified the growing homing trend.

The company updated its strategy in the summer 2020, focusing in particular on developing a multi-channel service model, strengthening Asko and Sotka brands, finding common Indoor-level synergies and harmonising operations. In addition, Indoor Group launched new Asko and Sotka customer financing options during the year and invested in store renovations and the Insofa furniture factory.

RECIPE FOR SUCCESS

The furniture business is a highly competitive sector, characterised in particular by its price-driven nature and consumers' desire to tailor products according to their needs. Indoor Group's chain concepts Asko and Sotka are well-known and distinctive and appeal to partially different target groups. Together with an excellent sales and customer service culture, they create a significant competitive advantage for the company. Investing in the agile development of its online stores supports Indoor Group's extensive store network and creates the basis for succeeding with the multi-channel service model.

TOWARDS BETTER PROFITABILITY

The development measures taken during 2020 will support operations for a long time to come and the outlook for the future is positive. In its strategy period extending to 2025, Indoor Group aims at moderate organic growth and significant profitability improvement from the 2019 level. In the current market, the company still has the potential to develop by strengthening its product range, marketing and customer service.

As the largest owner, Sievi Capital has been closely involved in updating Indoor Group's strategy. Sievi Capital has supported the company by creating opportunities for operational development and for the necessary investments throughout this exceptional year.

Below, 1st from left: The Sotka team at the Porttipuisto store. From left to right: Seere, Riku and Zanna.
2nd from left: Sotka's LAX dining group with CAFE chairs, from the 2020 collection.
3rd from left: Indoor Group's CEO Veronica Lindholm.
4th from left: Asko's soft, ball-textured EVEREST wool rug.

Sievi Capital's ownership has brought new perspectives, support and positive challenges to our company.

Veronica Lindholm, Indoor Group's CEO

KH-Koneet Group: An eventful year

For KH-Koneet Group, the year 2020 included significant steps towards business growth in the Swedish market. Net sales increased by almost 25% from the previous year, amounting to EUR 120.5 million, and EBITDA decreased slightly to EUR 6.4 million. The challenging year with coronavirus also brought success, and the targets set were partially exceeded.

INVESTMENT'S FAIR VALUE

MEUR 17.0

On 31 Dec. 2020

TARGET COMPANY SINCE

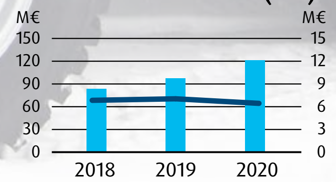
2017

HOLDING

66.4%

On 31 Dec. 2020

NET SALES AND EBITDA (FAS)



EBITDA = operating profit + depreciation and amortisation

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 most well-known brands represented by KH-Koneet Group are Kramer, Yanmar, Kobelco and Wacker Neuson.

KH-Koneet Group acquired Beck Maskin Sverige, based in Sweden, in November 2019. With the transaction, the name of the Swedish company was changed to KH-Maskin. In 2020, KH-Koneet Group was able to increase its foothold in Sweden significantly. At the time of the transaction, the main brand that KH-Maskin represented was Kobelco excavators. In other respects, the product range was largely replaced by Wacker Neuson products. In the summer, the Swedish earth-moving machinery rental company S-Rental was acquired through KH-Maskin. In October, the company signed an agreement on the import of Kramer loaders into Sweden. In December, the import and sales of the entire Wacker Neuson product family in Sweden was transferred to KH-Maskin. Despite the pandemic, all the necessary transfers required for growth were completed and now KH-Koneet Group operates with a very similar product portfolio in both Finland and Sweden. Familiar manufacturers and contact persons are considered a factor that significantly facilitates conducting business in the Swedish market.

HIGHEST DEGREE OF EMPLOYEE AUTONOMY IN THE MARKET

KH-Koneet Group's competitive edge stems from the company's long history. The company's operations have always been characterised by the desire to conduct machinery business responsibly, with its own bold approach and trust in people. The high level of job satisfaction and autonomy among the personnel has strongly contributed to the fact that long careers are more the rule than the exception in the company.

KH-Koneet Group cooperates closely with the manufacturers it represents. For instance, the company has cooperated with several manufacturers, such as Kramer and Yanmar, in launching and building the import of their products into Finland. With them the journey together has continued for roughly twenty years. Customers can see this in KH-Koneet Group's exceptional customer insight and expertise. The competent personnel are able to provide customers with high-quality products and flexible services for every need and always at a competitive price.

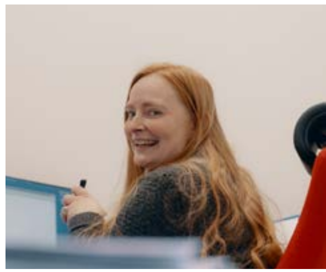
DETERMINED TO PROCEED TOWARDS THE TARGETS

The company's longer-term strategy is aimed at expansion in the Nordic countries and ultimately at making KH-Koneet Group the leading machinery dealer in the Nordic countries. The year 2020 was an important step towards this target but there is still work to be done.

Sievi Capital has been KH-Koneet Group's largest owner for three years and provides important support for the company's operations. While the coronavirus pandemic makes it more difficult to predict market development, demand for compact machinery and rental machinery is projected to continue its strong upward trend. In addition, many new investments are expected in the infrastructure sector. In 2021, KH-Koneet Group aims at moderate market share growth in Finland and stronger growth in Sweden.

Below, 1st from left: The Swedish earth-moving machinery rental company S-Rental joined KH-Koneet Group.
2nd from left: KH-Koneet Group's CEO Teppo Sakari.
3rd from left: AR and AP Specialist Sari Ahvenharju.
4th from left: Yanmar Vio 57 excavator in the summer scenery.

> Sievi Capital has provided us with excellent support especially in the planning and execution of acquisitions.
>
> Teppo Sakari, KH-Koneet Group's CEO



Logistikas: Record-breaking profitability

The business of Logistikas developed positively during 2020. Pro forma net sales decreased slightly from the previous year, amounting to EUR 20.0 million, and pro forma EBITDA improved considerably to EUR 2.3 million. The company's profitability rose to a good level. The trend of outsourcing logistics services continued to intensify and the coronavirus pandemic increased demand for warehousing services in particular.

INVESTMENT'S FAIR VALUE

MEUR 6.1

On 31 Dec. 2020

TARGET COMPANY SINCE

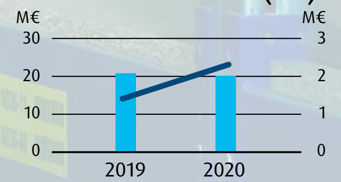
2020

HOLDING

70.0 %

On 31 Dec. 2020

NET SALES AND EBITDA (FAS) (1)



EBITDA = operating profit + depreciation and amortisation
(1) Unaudited pro forma figures

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

Logistics is a fast-growing sector as an increasing number of companies want to concentrate their resources on their core business. Online shopping has also increased significantly year after year. In order to respond to rapid market development, Logistikas introduced new automation at its main location in Rauma in 2020.

As a service company, Logistikas is highly dependent on its customers' logistics service needs, which is why the spread of the coronavirus pandemic to Finland was a cause for concern for the company. However, the actual impact of the coronavirus pandemic on business was a positive surprise: ultimately, the year 2020 was not only a record year for the company in terms of profitability but also a successful year for the net sales development of logistics services. The pandemic led to a significant increase in demand for warehousing services in particular. Net sales from procurement services decreased as a result of the termination of a single large customer relationship, which had an impact on overall net sales but no material impact on net profit.

TAILORED SERVICES

Logistikas is a well-known and trusted operator in its current operating areas. The company's impressive list of references includes demanding customer cases, in which the faultless and safe functioning of logistics is critical. The company's competitive edge consists of service agility and customer-oriented tailoring. With long-term investments in information systems, the company ensures the smooth flow of information – an aspect that is always crucial for customers. Customer and employee satisfaction is also systematically monitored to optimise operations and maximise satisfaction.

OUTSOURCING OF LOGISTICS IS INCREASING

The year 2021 has started on an optimistic note for Logistikas. So far, the company's strategy has aimed for organic growth by finding new customers. The outlook is that outsourced logistics services will continue to gain popularity in Finland, where the outsourcing rate of logistics is still quite low compared to other markets. Cooperation with Sievi Capital, the company's new main owner, will also start in earnest in 2021. One of the aims in this is to reshape the company's strategy: in the future, Logistikas will also seek inorganic growth through acquisitions.

With Sievi Capital's support, Logistikas aims to achieve significant net sales growth, service offering expansion through acquisitions and, in the long term, an increase in its geographic coverage in Finland. Logistikas is prepared to hire more personnel, especially in sales and HR, so that operational growth potential can be realised.

Below, 1st from left: The Lakari logistics centre in Rauma, which mainly deals with cargo flows passing through the Port of Rauma. There are about 25,000 pallet spaces as well as automated storage for small goods.
2nd from left: Efficient logistics require tailored information systems and modern tools. Forklift terminals facilitate smooth work at the logistics centre.
3rd from left: Toni Brigatti, CEO of Logistikas.
4th from left: Logistikas provides project logistics services in the immediate vicinity of the Port of Rauma.

Sievi Capital provides us with experience in acquisitions, risk-taking capacity and long-term operational support.

Toni Brigatti, CEO of Logistikas

Nordic Rescue Group:
Responsible business takeover

Finnish rescue vehicle manufacturers Saurus Oy and Vema Lift Oy were transferred under Nordic Rescue Group's ownership in early 2020. The ownership change made it necessary to redefine the common operating culture. In 2020, the Group focused on the responsible takeover of the business operations. The Group's pro forma net sales increased slightly from the previous year, amounting to EUR 29.8 million. Pro forma EBITDA was EUR 1.7 million.

INVESTMENT'S FAIR VALUE

MEUR 7.9

On 31 Dec. 2020

TARGET COMPANY SINCE

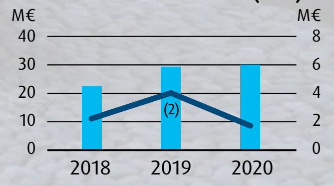
2020

HOLDING

69.9%

On 31 Dec. 2020

NETSALES AND EBITDA (FAS) (1)



Net sales
EBITDA

EBITDA = operating profit + depreciation and amortisation

(1) Unaudited pro forma figures.
(2) EBITDA includes 1.0 million extraordinary income for 2019.

The offering of the recently established Nordic Rescue Group includes the full range of rescue vehicle system supplier services: Saurus Oy’s fire engines for civilian and military use, Vema Lift Oy’s rescue platforms and after sales services. Saurus and Vema Lift are widely known across Finland and play an important role in ensuring Finland’s security of supply as well as in the fire and rescue operations network. Both brands are also exported, especially to China and other emerging markets.

For Nordic Rescue Group, the year 2020 was characterised by reshaping the operating culture, making product development decisions and seeking operational flexibility during the coronavirus crisis. The Finnish family-owned companies Saurus and Vema Lift were acquired and formed a new group called Nordic Rescue Group, with Sievi Capital as its main owner.

One of the reasons for the merger of these previously separate companies is to strengthen the export potential of the brands. Therefore, the most important task in 2020 was to ensure that the consolidation of the companies under one group was organised in a responsible and controlled manner. At the same time, the Group had to consider how to start doubling or even tripling its established business.

At the beginning of 2020, the company’s operating environment was stable, but it was disrupted in the spring by the spread of the coronavirus pandemic and the introduction of restrictions in many countries. This could mainly be seen in the postponement of chassis deliveries, which had an impact on production arrangements. With the prolongation of the situation, the number of requests for quotations also decreased. The epidemic temporarily reduced demand in the important Asian markets, but the market situation started to recover towards the end of the year.

COMPREHENSIVE SERVICE

Globally, the market for rescue vehicles is growing by approximately five per cent per year. The ageing of the population and urbanisation in emerging markets creates increasing needs for well-organised rescue operations and equipment. Abroad, Nordic Rescue Group has arranged its sales on an agent basis, which facilitates the organisation of international sales.

Nordic Rescue Group’s competitive advantage in Finland is found in the trusted brands it represents, physical presence in the area, its service flexibility and its ability to meet individual needs. In the Asian market, Nordic Rescue Group’s products are differentiated from local competitors in the sector by their Nordic premium quality – product design takes into account the potential reduced mobility of users, for instance. In its new markets, the Group also offers user training services and the possibility of remote analyses.

> Sievi Capital provides the Group with a consistent vision to support the strategy and management.
>
> Matti Huttunen, Nordic Rescue Group’s CEO

A MORE INDUSTRIAL APPROACH IN PRODUCTION

A strategy was created, in cooperation with Sievi Capital, for the new rescue vehicle service package offered by Nordic Rescue Group. The strategic goal is to make Nordic Rescue Group an internationally renowned system supplier.

After the successful business takeover, the Group will invest in business development in 2021. In its Saurus operations, Nordic Rescue Group will seek a new level of industrial efficiency by applying a phase and flow approach to its production activities according to the LEAN model and by developing logistics. Vema Lift will seek growth by concentrating the operations of its current three locations to the new Kaarina factory in January. There is considerable potential for growth in exports in both brands, especially in China, and growth is also sought in other emerging markets.

Below, 1st from left: The versatile Combi vehicle combines the features of a fire engine and a rescue platform.
2nd from left: CEO Matti Huttunen and a fire engine to be handed over to the Oulu-Koillismaa Rescue Department.
3rd from left: The Finnish Defence Forces is an important customer and development partner.
4th from left: The Helsinki Rescue Department’s 60-metre platform in the maritime scenery in Kaarina.

Suvanto Trucks transferred under new ownership

Suvanto Trucks started its business operations in 2006 and it is one of the largest independent dealers of heavy-duty trucks in the Nordics. The company's business consists of selling new and second-hand commercial vehicles and related accessories, spare parts and maintenance services as well as providing financing services. Sievi Capital acquired the majority of the company's shares in 2016.

In December 2020, Sievi Capital sold its holding in Suvanto Trucks. In the transaction, Suvanto Trucks acquired the shares owned by Sievi Capital and became wholly owned by its key personnel. Despite the coronavirus pandemic, Suvanto Trucks managed to make a positive turn after the challenging year 2019. The timing of the ownership arrangement was natural as the company entered a new development phase.

Under Sievi Capital's ownership, Suvanto Trucks expanded its operations both to new geographical areas and to new businesses. When owned by Sievi Capital, Suvanto Trucks' personnel increased from sixteen to approximately thirty employees. Suvanto Trucks' financial development varied during the investment period and as a whole, it did not meet the targets set for it. The return on Sievi Capital's investment was weak.

Suvanto Trucks' CEO **Timo Yli-Salomäki** describes Sievi Capital's ownership period, a little over four years, as an era of strong growth:

"During these years, new operating sites were established and the company's net sales and number of employees grew. At best, net sales more than doubled. However, growth also resulted in growth pains, which were particularly evident in the company's governance and management."

Yli-Salomäki says that the future looks bright for Suvanto Trucks. In 15 years, the company has established itself in the Nordic market and, under the personnel's ownership, it is well placed for future development, too.

Under Sievi Capital's ownership, good governance practices were developed at Suvanto Trucks. Sievi Capital also made it possible for the company to grow. According to Yli-Salomäki, Sievi Capital was a very result- and growth-oriented owner, which could be seen in practice as daily cooperation with Suvanto Trucks.

Below, 1st from left: Suvanto Trucks' Sisu brand representation expanded to North Ostrobothnia and Lapland.
2nd from left: Mechanic Jere Helisvuori equips a truck.
3rd from left: According to CEO Timo Yli-Salomäki, Suvanto Trucks has performed well in 2020, considering the circumstances.
4th from left: Suvanto Trucks has operating sites in Turku, Tampere and Oulu.

ACQUISITION YEAR	EXIT YEAR
2016	2020

Corporate governance

Board of Directors

Tuomo Lähdesmäki

- Chairman of the Board since 2019
- Born 1957
- M.Sc. (Eng.), MBA
- Main occupation: Board professional
- Shareholding on 31 December 2020: 15,000 shares
- Independent of the company and major shareholders

Kati Kivimäki

- Member of the Board since 2019
- Born 1973
- BBA, MBA
- Main occupation: Mall of Tripla, Managing Director
- Shareholding on 31 December 2020: 0 shares
- Independent of the company and major shareholders

Asa-Matti Lyytinen

- Member of the Board since 2000
- Born 1950
- M.Sc. (Econ.)
- Main occupation: Board professional
- Shareholding on 31 December 2020: 0 shares
- Independent of the company and major shareholders

Taru Narvanmaa

- Member of the Board since 2019
- Born 1963
- M.Sc. (Econ.)
- Main occupation: Board professional
- Shareholding on 31 December 2020: 10,000 shares
- Independent of the company and major shareholders

Klaus Renvall

- Member of the Board since 2017
- Born 1951
- M.Sc. (Econ.)
- Main occupation: FNZ-Group Ltd, Managing Director, Nordics
- Shareholding on 31 December 2020: 0 shares
- Independent of the company and major shareholders

Management

Päivi Marttila

- CEO
- Born 1961
- M.Sc. (Econ.)
- Shareholding on 31 December 2020: 104,128 shares

Markus Peura

- CFO
- Born 1983
- M.Sc. (Econ.), CFA
- Shareholding on 31 December 2020: 89,888 shares

Corporate Governance Statement

INTRODUCTION

Sievi Capital Plc is a publicly listed limited liability company. Its corporate governance complies with the company's Articles of Association, the Finnish Limited Liability Companies Act and other laws and regulations governing the company. In addition, the company complies with the Corporate Governance Code of Finnish listed companies that entered into force on 1 January 2020. The Corporate Governance Code is available at the Securities Market Association's website at www.cgfinland.fi/en.

Sievi Capital's Corporate Governance Statement has been prepared as a publication that is separate from the Board of Directors' report. The statement has been discussed and approved by the company's Board of Directors.

ANNUAL GENERAL MEETING

The ultimate decision-making power lies with Sievi Capital's general meeting of shareholders. The Annual General Meeting (AGM) makes decisions on matters addressed to it by the Limited Liability Companies Act and the company's Articles of Association. Key matters resolved by the AGM are adopting the financial statements, discharging the Board of Directors and the CEO from liability, deciding on the distribution of profit, electing the members of the Board of Directors and the auditors and deciding on their respective remuneration.

The company's AGM is held annually by the end of June. An Extraordinary General Meeting may be held for the purpose of dealing with a specific matter when deemed necessary by the Board of Directors or when requested in writing by the auditor or by shareholders representing at least one tenth of the company's shares. The notice of the General Meeting must be delivered to the shareholders no earlier than three (3) months and no later than three (3) weeks prior to the General Meeting, and no later than nine (9) days prior to the record date of the General Meeting. The notice is delivered to the shareholders by publishing it on the company's website or in a newspaper designated by the Board of Directors or by sending it by mail to the addresses recorded in the company's shareholder register.

Sievi Capital Plc's AGM was held on 29 April 2020 and it resolved matters designated to the AGM. Due to the restrictions and special measures related to the coronavirus pandemic, the company's principal auditor was not present at the AGM but followed the meeting online, being available whenever needed. Of the members of the Board of Directors, Chair Tuomo Lähdesmäki was present and the other members of the Board of Directors followed the meeting online, being available whenever needed.

BOARD OF DIRECTORS

The task of the Board of Directors is to see to the governance of the company and the appropriate organisation of the company's operations in accordance with the Finnish Limited Liability Companies Act. According to Sievi Capital's Articles of Association, the Board of Directors consists of a minimum of three and a maximum of seven ordinary members. The proposals for the composition of the Board of Directors to the Annual General Meeting are made by the Board of Directors. As part of the preparation process, the Chair of the Board conducts discussions with the largest shareholders, if necessary, to take into consideration different views and the company's situation in the composition and remuneration of the Board of Directors. The Board members are elected by the Annual General Meeting. The Board of Directors elects a Chair from among its members.

Tasks of the Board of Directors

The Board of Directors has approved rules of procedure for itself, which define the Board's key tasks, operating principles and meeting practices as well as an annual self-assessment of the Board's activities.

According to the rules of procedure, the key tasks of the Board of Directors include:

- to confirm the company's business strategy and supervise its implementation;
- to confirm the company's values and policies;
- to confirm annual key business targets and monitor the Group's result development;
- to decide on investment projects and divestments;
- to review and approve financial statements and other financial reports;
- to appoint and dismiss the CEO;
- to decide on the incentive schemes of the management and the personnel;
- to monitor the company's key business risks and their management, be responsible for the company's internal control system and confirm the policies and guidance related to them;
- to take care of the compulsory duties of the Audit Committee; and
- to prepare proposals to target company shareholders concerning the election of the members of the Board of Directors in target companies.

The Board's tasks related to financial reporting, internal control and risk management include, for instance:

- to monitor the company's financing and financial position and the financial statements reporting process;
- to supervise the financial reporting process;
- to monitor and supervise significant strategic and operational risks and the actions of the company's management to monitor, manage and report the risks;
- to monitor the transactions of the company's management and their related parties and any possible conflicts of interest related to them;
- to review the Corporate Governance Statement; and

- to prepare a proposal to the Annual General Meeting for the decision concerning the election of an auditor and to evaluate the auditor's independence.

The Board of Directors is also responsible for the following tasks, which fall under the Remuneration Committee's responsibility according to the Corporate Governance Code of Finnish listed companies:

- to decide on the remuneration and other benefits of the CEO and other management;
- to formulate and implement the process of finding successors for the CEO and other management; and
- to develop and evaluate the remuneration schemes and ensure their appropriateness.

Composition, independence evaluation and diversity of the Board of Directors

From 1 January 2020 to 29 April 2020, the members of Sievi Capital's Board of Directors were Kati Kivimäki, Asa-Matti Lyytinen, Tuomo Lähdesmäki, Taru Narvanmaa and Klaus Renvall.

At the Annual General Meeting held on 29 April 2020, the following persons were re-elected as members of the Board of Directors: Kati Kivimäki, Asa-Matti Lyytinen, Tuomo Lähdesmäki, Taru Narvanmaa and Klaus Renvall.

According to the evaluation of independence of the Corporate Governance Code of Finnish listed companies completed by the Board, all Board members are independent of the company and significant shareholders.

The company deems it important that its Board members have diverse backgrounds; however, it should be taken into account that the members have the competencies that are essential for the company's business. The aim is that the Board members have versatile, complementary professional backgrounds, experience and know-how and that the Board consists of representatives of both genders, so that the diversity of the Board supports Sievi Capital's business and future in the best possible way. The objective of Board diversity is to ensure, for instance, a wide scope of views, open discussion and support for and challenging of the company's operational management.

Committees

Board committees have not been established in Sievi Capital. The Board of Directors is responsible for taking care of the compulsory duties of the Audit Committee. According to the view of the Board of Directors, the Board's operating without committees is the most suitable option considering the current needs of the company's business and best supports the fulfilment of the responsibilities of the company's Board according to law and the Corporate Governance Code of Finnish listed companies.

Board meetings

In 2020, the Board of Directors held 19 meetings. The attendance rate of the Board members at the meetings during the financial period 2020 was 98%. Information about the Board members' meeting attendance is presented in the table below.

INFORMATION ABOUT BOARD MEMBERS AND THEIR SHAREHOLDINGS

Name	Personal data	Shareholding in Sievi Capital Plc on 31 December 2020 (1)	Attendance at Board meetings
Tuomo Lähdesmäki	Chair of the Board of Directors Member of the Board of Directors since 2019 Born: 1957 Education: M.Sc. Eng., MBA Main occupation: board professional Independent of the company and its major shareholders	15,000	19/19
Kati Kivimäki	Member of the Board of Directors since 2019 Born: 1973 Education: BBA, MBA Main occupation: CEO of Mall of Tripla Independent of the company and its major shareholders	0	19/19
Asa-Matti Lyytinen	Member of the Board of Directors since 2000 Born: 1950 Education: M.Sc. Econ. Main occupation: board professional Independent of the company and its major shareholders	0	17/19
Taru Narvanmaa	Member of the Board of Directors since 2019 Born: 1963 Education: M.Sc. Econ. Main occupation: board professional Independent of the company and its major shareholders	10,000	19/19
Klaus Renvall	Member of the Board of Directors since 2017 Born: 1951 Education: M.Sc. Econ. Main occupation: Managing Director of FNZ-Group Ltd, Nordics Independent of the company and its major shareholders	0	19/19

(1) Including shareholding through controlled entities

CEO AND OTHER MANAGEMENT

CEO

The company's Board of Directors appoints the CEO and decides on the terms of her/his service contract and remuneration. The CEO manages and supervises the company's business operations according to the Finnish Limited Liability Companies Act and the instructions and authorisations issued by the Board of Directors. Päivi Marttila has acted as Sievi Capital's CEO since 15 March 2018.

Other management

The company's other management includes the CFO. The CFO is responsible for the financial reporting process and supports the CEO in the management of the company's business operations. Information about the CEO and other management and their shareholdings.

RISK MANAGEMENT, INTERNAL CONTROL AND AUDIT

Risk management

Risk management at Sievi Capital is based on a risk management policy approved by the Board of Directors, with the goal of a 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. By exercising active control over its holdings and participating in the work of the Board of Directors in target companies, Sievi Capital strives to promote risk management at the target company level. Sievi Capital also assesses the most relevant target company risks at the target company level and, in this manner, promotes the implementation of risk management in target companies.

Sievi Capital is engaged in investment activities. Sievi Capital'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.

Internal control and audit

Internal control at Sievi Capital is an ongoing process to secure business performance and continuity. The objective of control is to minimise risks by ensuring that reporting is reliable and that laws and regulations are being followed.

Considering the structure and scope of the company's business, setting up a separate internal audit organisation has not been considered appropriate thus far. The company's management is responsible for the internal control system. Internal control is an active part of the company's management and governance.

The basis of financial control is formed by the controls included in operational processes, which enable the fast detection of deviations and fast reactions to them. A material part of the financial control is monthly reporting by management. The metrics followed in the monthly reporting have been set so that they support the company in reaching its targets and highlight issues that require controlling actions. Due to the nature of the business, budgeting in its traditional form is not used in the parent company. The interpretation and application of the accounting standards is centralised to the corporate financial administration.

Insider management

Sievi Capital complies with the insider provisions of the EU Market Abuse Regulation, which entered into force on 3 July 2016, and the insider guidelines of Nasdaq Helsinki. In addition, Sievi Capital has its own Insider Policy, which complements Nasdaq Helsinki's insider guidelines.

Sievi Capital does not maintain a list of permanent insiders. Project-specific insider lists are maintained for each project constituting inside information, as defined in insider provisions, based on the insider guidelines of Nasdaq Helsinki and the company's own internal guidelines.

Sievi Capital maintains an internal list on its managers and persons closely associated with them (related parties). The list is not public. Sievi Capital has determined the members of the Board of Directors, the CEO and the CFO as managers defined in the Market Abuse Regulation. Each manager and their related parties are obligated to report to Sievi Capital and the Financial Supervisory Authority all transactions made with financial instruments issued by Sievi Capital. Sievi Capital publishes these transactions in a separate stock exchange release. The total shareholding of each manager is annually published as part of the Corporate Governance Statement according to the Corporate Governance Code of Finnish listed companies.

INFORMATION ABOUT THE CEO AND OTHER MANAGEMENT AND THEIR SHAREHOLDINGS

Name	Position	Personal data	Shareholding in Sievi Capital Plc on 31 December 2020 (1)
Päivi Marttila	CEO	Born: 1961 Education: M.Sc. Econ.	104,128
Markus Peura	CFO	Born: 1983 Education: M.Sc. Econ., CFA	89,888

(1) Including shareholding through controlled entities

Sievi Capital's above-mentioned managers, personnel and any other persons involved in the preparation, compilation and publication of the company's financial reports may not conduct any transactions related to Sievi Capital's financial instruments within 30 calendar days prior to the publication of the company's financial results.

Principles regarding related party transactions

Sievi Capital evaluates and monitors the transactions with its related parties and maintains a list of its related parties. The company does not customarily enter into transactions with its related parties which would be significant for the company and deviating from the ordinary course of business or would be conducted in deviation from customary market terms. The company did not enter into such transactions in 2020. The Board of Directors decides on possible related party transactions that deviate from the ordinary course of business or customary market terms.

AUDITING

According to its Articles of Association, Sievi Capital Plc has one auditing firm as its statutory auditor with an Authorised Public Accountant as the principal auditor. The term of the auditor terminates at the end of the first Annual General Meeting following their election.

The company's current auditor is the firm of APA auditors KPMG Oy Ab, with Esa Kailiala, APA, as the principal auditor.

In 2020, the audit fees paid to the auditor amounted to EUR 48,000 and the fees related to other non-audit services totalled EUR 0.

Governing bodies' remuneration report

INTRODUCTION

This remuneration report has been prepared in accordance with the remuneration reporting guidelines of the Finnish Corporate Governance Code 2020.

Starting from the financial period 2020, the principles of the remuneration of Sievi Capital's governing bodies, that is, the Board of Directors and the CEO, are defined in the Remuneration Policy that was first discussed in the Annual General Meeting on 29 April 2020.

The purpose of Sievi Capital's Remuneration Policy is to contribute to the company's business strategy and promote the company's long-term financial success. The key principles of the Remuneration Policy are that remuneration must be fair and competitive, enhance commitment and support the company's goals. Remuneration should also support the alignment of interests of the shareholders and the governing bodies.

The Annual General Meeting of 2020 approved the Remuneration Policy, which was followed in remuneration during the financial period 2020. There were no deviations from the Remuneration Policy during the financial period.

The table below shows the development of the remuneration of the Board of Directors and the CEO compared to the development of the average remuneration of the Group's employees and the financial development of the company in the previous five financial periods.

Average salaries, wages and fees, EUR 1,000

	2016	2017	2018	2019	2020
Member of the Board of Directors (1)	14	15	21	25	28
CEO	288	348	367 (2)	219	220
Personnel (3)	131	205	138	120	138
Return on equity, %	17.7	27.2	22.5	17.7	12.7

(1) Includes the Chair of the Board of Directors
(2) Does not include the CEO's severance payment
(3) The salaries, wages and fees for the financial period without amortised but unpaid cost of share schemes, minus fees paid to the Board of Directors, and then divided by the average number of personnel

FEES PAID TO THE BOARD OF DIRECTORS IN 2020

The members of Sievi Capital Plc's Board of Directors did not receive shares or share-based benefits as remuneration in the financial period 2020.

Asa-Matti Lyytinen also served on the Board of Directors of Indoor Group, one of Sievi Capital's target companies, in 2020. For this, he received the total cash remuneration of EUR 8,000 in 2020.

Sievi Capital has taken out TyEL employment pension insurance for the members of the Board of Directors and paid the TyEL contributions for the fees of the members of the Board of Directors. The employee's share of the TyEL contributions has been deducted from the fees. The TyEL contributions by individual paid by Sievi Capital in 2020 were: Tuomo Lähdesmäki EUR 3,305, Kati Kivimäki EUR 1,816 and Taru Narvanmaa EUR 2,197.

The travel expenses of the members of the Board of Directors are compensated in accordance with the company's Travel Policy.

SALARY AND FEES PAID TO THE CEO IN 2020

In 2020, Päivi Marttila served on the Boards of Directors of Sievi Capital's target companies Indoor Group, KH-Koneet Group, Suvanto Trucks, Nordic Rescue Group and Logistikas. For this, she received the total cash remuneration of EUR 32,900 in 2020.

Sievi Capital arranged a share issue for its personnel in 2020, with the aim of serving as incentive and enhancing the commitment of the personnel. The subscription price was EUR 1.06, which was based on the volume-weighted average price of the share in Nasdaq Helsinki Ltd in the period 1 February–1 March 2020, minus 10 per cent. CEO Päivi Marttila participated in the share issue by subscribing for 104,128 shares.

Fees paid to the Board of Directors in 2020

Name	Position	Board fees, EUR
Tuomo Lähdesmäki	Chair of the Board of Directors	38,800
Asa-Matti Lyytinen	Member of the Board of Directors	25,400
Kati Kivimäki	Member of the Board of Directors	25,400
Taru Narvanmaa	Member of the Board of Directors	25,400
Klaus Renvall	Member of the Board of Directors	25,400

Salary and fees paid to the CEO in 2020

Name	Fixed salary component, EUR	Variable salary component, EUR	Total, EUR
Päivi Marttila	220,390	0	220,390

Financial information

Board of Directors' report

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.

Indoor Group's operating environment varied considerably during 2020. Demand was good early in the year but decreased significantly as the coronavirus situation in Finland escalated and a state of emergency was declared in March. Demand and the number of people visiting the stores recovered strongly in May and from late May until the end of the year, the operating environment was favourable for the company.

Indoor Group's net sales in 2020 were on a par with the previous year. Net sales declined clearly during the spring, while at other times of the year, net sales were mainly higher than in the previous year. In the second half of the year, net sales development was affected by product availability problems, as was the entire sector, which slowed down the conversion of sales deals into net sales. Despite net sales stagnation, the company's profitability developed very positively and its operating profit grew by approximately 70% from the previous year. A key factor behind profitability improvement was the positive development of the gross margin percentage, which resulted in particular from the pricing changes made by the company. In addition, the company's result development was boosted by the fact that it responded quickly and actively to the sudden deterioration of the market situation in the spring by making cost adjustments.

Due to the strong result development and a clear decrease in working capital, the company's cash flow after investments was at a very good level. In addition to changes that are intended to be permanent, other factors contributing to the decrease in working capital included certain temporary payment rescheduling arrangements and an increase in advances received due to product availability challenges. In these areas, the situation is expected to return to normal in the future. Thanks to the strong result and cash flow development, Indoor Group paid its owners two dividends in 2020, totalling EUR 4.3 million.

Indoor Group updated its strategy in 2020. The company's new strategy especially focuses on strengthening the multi-channel operating model, clarifying the chain brands and positioning as well as harmonising and improving the Group-level operating models, among other things. During the financial period, the company made good progress in strengthening its online services, which is an integral part of the strategy. Online sales were generally boosted by the coronavirus pandemic and Indoor Group took action to maximise the benefits of this development. The company invested in online services by recruiting more personnel and by actively developing its online stores and their marketing, for instance. The growth of online sales as a whole was very strong in 2020 and already accounted for more than 10 per cent of sales.

In its strategy period extending to 2025, the company aims at moderate organic growth and significant profitability improvement from the 2019 level. This year, the company will continue taking strategic actions on several fronts. Important individual projects this year include, for instance, the ongoing ERP update project, chain brand renewal, continuous work to strengthen online services and the multi-channel operating model as well as the development of the product range and pricing.

Indoor Group Holding Oy's key figures

EUR million	1–12/2020	1–12/2019
Net sales	199.9	200.7
EBITDA (1)	34.6	29.2
EBIT (2)	15.3	9.0
EBITDA (FAS) (3)	17.3	11.4
Interest-bearing net debt at the end of the period (4)	69.3	82.9
Sievi Capital's holding at the end of the period	58.2%	59.1%

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 2020 includes EUR 66.6 (66.6) million in debt associated with IFRS 16.

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 most well-known brands represented by KH-Koneet Group are Kramer, Yanmar, Kobelco and Wacker Neuson.

KH-Koneet Group's operating environment in 2020 was more challenging than in the previous year. Market demand in the main product groups was generally lower than in the previous year and the pricing environment was also somewhat tighter. Although market forecasts indicate that the volume of construction in Finland decreased only slightly in 2020, the increased uncertainty resulting from the coronavirus pandemic and the construction volume decrease that is forecast for 2021 influenced earth-moving machinery purchasing decisions.

In 2020, KH-Koneet Group's net sales increased by almost 25% from the previous year. Net sales growth was entirely attributable to the acquisitions carried out in Sweden in November 2019 and June 2020. In Finland, the company's net sales decreased slightly, but according to its estimates, the company was able to increase its market shares in several important product groups in the weaker market situation. Despite net sales growth, EBITDA in 2020 was somewhat below the previous year's level. This was due to the weak profitability of the Swedish business operations during the business takeover and ramp-up phase and the year-on-year decrease in the EBITDA of the Finnish business operations. After a weak first half of the year, the profitability of the Swedish business operations developed positively during the second half of the year and EBITDA was slightly positive in 2020.

KH-Koneet Group's cash flow after investments was negative due to the acquisition carried out during the financial period as well as an increase in working capital. The company's financial position was strengthened in July with share issues directed at existing owners and new key personnel owners, with which the company raised a total of EUR 1.6 million of new equity. In addition to enhancing the commitment of the key personnel, the share issues sought to strengthen the company's balance sheet in order to maintain the company's flexibility to implement its growth strategy also in the future. In this connection, Sievi Capital made an additional investment of approximately EUR 0.9 million in KH-Koneet Group.

KH-Koneet Group's strategic goal is to grow into the leading machinery dealer in the Nordic countries and to gain a significant market position in the sales of its own product groups and in machinery rental. In line with this goal, the company has taken determined measures to expand its business operations in Sweden since the end of 2019, despite difficult market conditions. In June 2020, the company complemented its Swedish portfolio, which already included the machinery sales and maintenance company KH-Maskin, by acquiring S-Rental, a company specialised in machinery rental. KH-Maskin's business was developed by signing Kramer and Wacker Neuson import agreements towards the end of the year, divesting certain representations and developing the company's organisation and processes, among other measures. The company now has a very similar set of products and services in Sweden as in Finland and, as a result, the possibilities to grow its business significantly from the current level.

The market outlook for the current year is foggy, which has made the planning of the company's operations somewhat more difficult. The company aims to increase its market shares this year, for which there is significant potential, especially in Sweden. The company will also continue focusing on the rental business, which has grown well in recent years, and will strive to increase its maintenance and spare parts business.

KH-Koneet Group Oy's key figures

EUR million	1–12/2020	1–12/2019
Net sales	120.5	96.8
EBITDA (1)	6.4	7.0
EBITA (2)	5.4	6.5
Interest-bearing net debt at the end of the period (3)	18.5	18.6
Sievi Capital's holding at the end of the period	66.4%	67.1%

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 six locations in Finland, both at its own logistics centres and at customer premises responsible for in-house logistics.

As a service company, Logistikas operates in an environment that is closely tied to the situation of its customers and markets. In 2020, the market situation varied considerably from customer to customer, but in general, the company's operating environment was reasonably good.

In 2020, Logistikas's pro forma net sales decreased slightly from the previous year. The logistics service business grew strongly, but as a result of a substantial decrease in net sales from procurement services, total net sales were lower than in the previous year. The decline in the procurement service business was caused by the termination of a single significant customer relationship in spring 2020. Despite the slight decrease in net sales, the company's pro forma EBITDA improved considerably from the previous year. Profitability improvement was attributable to the increase in the relative share of the logistics service business and the strong development of its volumes.

Sievi Capital became the main owner of Logistikas in an arrangement that was completed in December 2020. Cooperation on the development of the company started immediately after the transaction but it will gain full speed this year. The company's strategy will be updated during 2021. The longer-term goal is to expand the company's business to new areas and new customer relationships, in addition to growing existing customer relationships. To make this possible, the company will make additional investments in its sales organisation this year, among other measures. In addition to pursuing organic growth, the company will assess the possibilities to accelerate growth through acquisition.

Logistikas Oy's key figures

EUR million	1–12/2020	1–12/2019
Net sales	20.0	20.7
EBITDA (1)	2.3	1.4
EBITA (2)	2.0	1.1
Interest-bearing net debt at the end of the period (3)	2.3	-
Sievi Capital's holding at the end of the period	70.0%	-

The key figures are FAS (Finnish Accounting Standards) figures. The figures are unaudited pro forma figures, which have been combined from the figures of the acquired target companies 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 - cash and cash equivalents

Nordic Rescue Group

Nordic Rescue Group is a corporation specialised in rescue vehicles. The Group companies are Saurus Oy and Vema Lift Oy, which are Finnish manufacturers of rescue platforms and rescue vehicles, with a significant share of their business from international trade. The customers of the Group are public and private (e.g. industrial plants, airports) fire departments and emergency services.

The company's operating environment was disrupted in the spring by the spread of the coronavirus pandemic and the introduction of related restrictions in many countries. The deterioration of the operating environment could mainly be seen in the postponement of truck chassis deliveries and a decrease in the number of requests for quotations. The market situation started to pick up in the early summer and was, as a whole, at a normal level in the second half of the year. Viewed regionally, activity in Asian markets was strong during the second half of the year, while the situation in many European markets was quieter.

In 2020, Nordic Rescue Group's pro forma net sales increased slightly from the previous year. Realised net sales growth was to a certain extent affected by the postponement of deliveries from 2020 to 2021. Nordic Rescue Group's pro forma EBITDA in 2020 decreased substantially from the previous year. This was attributable not only to the extraordinary income included in the previous year's result but also to the production restructuring required by the changed circumstances and the significant increase in fixed costs, among other things. The increase in fixed costs was due, in particular, to increasing the company's resources after the transfer of ownership, which aimed at enabling the growth sought in the future.

Nordic Rescue Group was established in February 2020 when the company acquired Saurus Oy and Vema Lift Oy. The company's takeover started immediately after the completion of the acquisition and progressed at a good pace during 2020. The company's recruitments during the year included a new CEO and a new CFO, for instance. The company also took over the support services provided by the previous owner. In February, immediately after the completion of the acquisition, work to develop the company's business was also started. A decision was made to relocate Vema Lift's production activities to a new factory, where production can be carried out much more efficiently and which enables a significant capacity increase. The new factory was commissioned after the end of the financial period, in January 2021. Saurus has restructured its project management and production planning, which improves delivery reliability and enables larger production capacity. In addition to increasing its capacity, Nordic Rescue Group also launched measures to improve production efficiency. The introduction of the LEAN operating model, which has already been partially implemented, aims at shortening turnaround times, improving the efficiency of capital use and reducing product costs, among other things.

Nordic Rescue Group's strategic goal is to make the company an internationally renowned rescue vehicle system supplier. With the increased production capacity, the company has the opportunity to manufacture more products and also participate in larger competitive tendering processes. In addition to the strong domestic market, the company's sales will focus on the brisk Asian markets. In addition, the company will make additional investments in growing its maintenance business in 2021. The company's order book is reasonably good for the first half of the year, but a significant number of orders is still needed for the second half of the year to achieve the goals set by the company.

Nordic Rescue Group Oy's key figures

EUR million	1–12/2020	1–12/2019
Net sales	29.8	29.1
EBITDA (1)	1.7	4.0
EBITA (2)	1.4	3.3
Interest-bearing net debt at the end of the period (3)	7.8	-
Sievi Capital's holding at the end of the period	69.9%	-

The key figures are FAS (Finnish Accounting Standards) figures. The figures are unaudited pro forma figures, which have been combined from the figures of the acquired target companies for 2019 and 2020 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. Includes extraordinary income for the period 1–12/2019: EUR 1.0 million
(2) EBITA = operating profit + depreciation related to intangible assets resulting from corporate acquisitions. Includes extraordinary income for the period 1–12/2019: EUR 1.0 million
(3) Interest-bearing net debt = interest-bearing debt + purchase price liabilities - cash and cash equivalents. Does not include purchase price liabilities that fall due when income equalling at least the amount of the liabilities has been received from the sales of certain asset items of the company.

Suvanto Trucks

Suvanto Trucks is one of the largest independent dealers of heavy-duty trucks in the Nordics. The company's business consists of selling new and second-hand commercial vehicles and related accessories, spare parts and maintenance services as well as providing car financing services.

Sievi Capital sold its holding in Suvanto Trucks in a transaction in December 2020. In the transaction, Suvanto Trucks acquired the shares owned by Sievi Capital at the purchase price of EUR 1.0 million. The purchase price will be paid in instalments during 2021, in accordance with the terms of the transaction. Interest will accrue on the purchase price receivable until the price is fully paid. The shares will remain as collateral, in addition to which Suvanto Trucks and its owners have given normal commitments for the payment period. Prior to the transaction, Suvanto Trucks decided on a dividend distribution, of which Sievi Capital's share was EUR 0.7 million.

Sievi Capital made the investment in Suvanto Trucks in 2016 and owned 71.2% of the company's shares prior to the completion of the transaction. During Sievi Capital's ownership, Suvanto Trucks expanded its operations both to new geographical areas and to new businesses. Suvanto Trucks' financial development varied and as a whole, it did not meet the targets set for it. The return on Sievi Capital's investment in the company was weak.

RESULT OF INVESTMENT ACTIVITIES

Sievi Capital's operating profit in January–December was EUR 11.7 (16.0) million and its net profit for the period amounted to EUR 9.9 (12.8) million. Earnings per share (undiluted and diluted) were EUR 0.17 (0.22), return on capital employed was 15.0% (21.2%) and return on equity was 12.7% (17.7%).

In 2020, interest and dividend income totalled EUR 3.2 (0.5) million. Interest and dividend income consisted mainly of dividend income from Indoor Group (EUR 2.5 million) and from Suvanto Trucks (EUR 0.7 million).

Changes in value of investments amounted to EUR 10.1 (16.7) million, of which realised profits/losses & expenses accounted for EUR -2.9 (11.0) million and unrealised changes in fair values for EUR 13.0 (5.7) million.

The realised profits/losses & expenses of investments during the financial period resulted from the sale of the Suvanto Trucks investment.

Of the unrealised changes in fair values of investments of the financial period, the most significant was the EUR 14.6 million positive change in fair value of the Indoor Group investment. The change in fair value was the result of the company's very strong development during the past year. When it comes to other investments, the changes in the fair value of the KH-Koneet Group and Nordic Rescue Group investments were negative during the financial period and the change in the fair value of the Logistikas investment was positive.

Sievi Capital's operating expenses increased from the corresponding period last year, for reasons such as an increase in the number of personnel, and amounted to EUR 1.6 (1.2) 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 2020, the fair value of the private equity investments totalled EUR 72.4 (48.5) million, a year-on-year increase of nearly 50 per cent. In addition to the unrealised changes in fair value of investments, other factors influencing the change in the total value of the private equity investments were the new initial investments in Nordic Rescue Group (EUR 8.3 million) and Logistikas (EUR 5.6 million), the additional investment in KH-Koneet Group (EUR 0.9 million) and the exit from the Suvanto Trucks investment.

Sievi Capital's net asset value per share on 31 December 2020 was EUR 1.33 (1.35). 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 0.19 per share.

FINANCIAL POSITION AND CASH FLOW

Sievi Capital's balance sheet total on 31 December 2020 was EUR 83.5 (81.5) million. Equity ratio was 92.6% (95.8%) and gearing was -11.1% (-41.2%).

Net cash flow from operating activities amounted to EUR -12.8 (37.3) million, net cash flow from investing activities to EUR

Distribution of investments and net asset value

EUR million	31 Dec. 2020	%	31 Dec. 2019	%
Private equity investments				
Indoor Group Holding Oy	41.5	53.6%	26.9	34.4%
KH-Koneet Group Oy	17.0	22.0%	17.8	22.8%
Logistikas Oy	6.1	7.9%	-	-
Nordic Rescue Group Oy	7.9	10.2%	-	-
Suvanto Trucks Oy	-	-	3.8	4.9%
Private equity investments, total	**72.4**	**93.7%**	**48.5**	**62.1%**
Cash and cash equivalents and other financial assets	8.6	11.1%	32.3	41.3%
Deferred tax liabilities and assets, total	-4.4	-5.7%	-2.7	-3.5%
Other liabilities, receivables and assets, total	0.7	0.9%	0.0	0.0%
Total net asset value	**77.3**	**100.0%**	**78.1**	**100.0%**
Net asset value per share (EUR)	**1.33**		**1.35**	

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

0.0 (0.0) million and net cash flow from financing activities to EUR -10.9 (-7.8) million. Especially the new investments in Nordic Rescue Group and Logistikas had an impact on net cash flow from operating activities in the financial period. In net cash flow from financing activities, the most significant item was the dividends paid during the financial period.

PERSONNEL

During the review period, Sievi Capital had an average of 5 (4) employees. During the second half of the year, the Sievi Capital team was strengthened, with the particular purpose of enabling more extensive and active efforts to build the investment deal flow and make new investments in line with the company's strategy.

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 2020, Sievi Capital made two new initial investments 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 2020, Sievi Capital achieved its financial target for gearing but return on equity was slightly below the long-term target. In 2020, the dividend decisions were in line 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 2020
Return on equity	In the long term at least 13%	12.7%
Gearing	At the maximum 20%	-11.1%

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 57,974,409. 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 6 March 2020, Sievi Capital's Board of Directors decided on a directed share issue to the company's personnel. A total of 208,970 new shares were subscribed in the share issue. The subscription price of the new shares was EUR 1.06 per share. As a result, the company collected approximately EUR 0.2 million before fees and expenses. The subscription price of the new shares was recorded in its entirety in the company's reserve for invested unrestricted equity.

On 31 December 2020, Sievi Capital had a total of 10,440 (2,650) shareholders. The ten largest registered shareholders owned 48.0% (91.8%) of the shares. Nominee-registered shares accounted for 6.4% (1.2%) of the shares. During the review period, the company received two flagging notifications concerning changes in holdings in Sievi Capital. Sievi Capital received a flagging notification from Jussi Capital Oy on 26 August 2020, in which the company announced that its holding had fallen below the limit of two thirds, and another flagging notification from the same company on 27 November 2020, in which the company announced its holding had fallen below the limit of 50 per cent.

The closing price of Sievi Capital's share at the end of 2019 was EUR 1.28. During the review period, the highest share price was EUR 1.45, the lowest was EUR 0.85 and the trade-weighted average price was EUR 1.05. At the end of the review period, the closing price was EUR 1.08 and the market capitalisation was EUR 62.6 (73.7) million. The number of Sievi Capital's shares traded on Nasdaq Helsinki during the review period was 58.6 (3.5) million, which accounted for 101.2% (6.0%) of all outstanding shares.

NEW LONG-TERM INCENTIVE SCHEMES FOR THE KEY PERSONNEL

During the review period, Sievi Capital's Board of Directors decided on the establishment of a matching share plan and a performance-based share scheme for the company's key personnel and on the launching of the first plan under the performance-based share scheme. The schemes replaced the company's earlier long-term incentive schemes. The purpose of the above-mentioned long-term incentive schemes is to continue to serve as incentive and enhance the commitment of the company's key personnel and, in this manner, contribute to and align the objectives of the company, its key personnel and its shareholders. The incentive schemes are subject to continued employment in the company. When the incentive schemes were launched, there were four key persons entitled to participating in them.

The matching share plan consists of an initial investment in the company's shares in the share issue organised in March 2020 and the right to receive without consideration, after the waiting period ending on 31 March 2021, one (1) matching share (gross) for each share that the plan participant subscribed in the share issue and holds at the end of the waiting period, in line with the terms and conditions of the matching share plan. Matching shares awarded to the participants on the basis of the matching share plan are subject to a three-year transfer restriction: during this three-year period, the matching shares may not be sold, transferred or pledged and any rights related to them may not be otherwise transferred. The total number of shares awarded on the basis of the matching share plan is at the maximum approximately 0.2 million shares (gross; half of this in shares and half in cash, which is used to cover the resulting taxes and tax-like charges).

The performance-based share scheme consists of three 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. During the financial period, the Board of Directors approved the first plan (LTI 2020–2022) under the share scheme. Its performance period started on 1 January 2020 and the award of shares, if any, will take place in spring 2023, provided that the performance targets for the plan set by the Board of Directors are achieved. The performance targets applied to the LTI 2020–2022 plan are based on Sievi Capital's average return on equity. If the performance targets set for the LTI 2020–2022 plan are fully achieved, the total number of shares awarded on the basis of the plan is at the maximum approximately 0.4 million shares (gross; half of this in shares and half in cash, which is used to cover the resulting taxes and tax-like charges).

THE GENERAL MEETINGS AND THE BOARD OF DIRECTORS' AUTHORISATIONS

Sievi Capital's Extraordinary General Meeting held on 29 January 2020 decided that an extra dividend of EUR 0.15 per share be paid for the financial period ended on 31 December 2018. The dividend payment date was 12 February 2020. The payment of the extra dividend was related to the exit from the iLOQ investment at the end of 2019. 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 2021 and their content is described in more detail in the stock exchange release about the resolutions of the Extraordinary General Meeting, published on 29 January 2020.

Sievi Capital Plc's Annual General Meeting held on 29 April 2020 adopted the financial statements for 2019 and discharged the members of the Board of Directors and the CEO from liability for the financial period 2019. The Annual General Meeting decided on the distribution of a dividend of EUR 0.04 per share. The dividend was paid on 15 May 2020.

The current members of the Board of Directors were elected to the Board of Directors until the end of the Annual General Meeting of 2021. They are Kati Kivimäki, Asa-Matti Lyytinen, Tuomo Lähdesmäki, Taru Narvanmaa and Klaus Renvall. In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Tuomo Lähdesmäki as its Chair.

The firm of auditors KPMG Oy Ab was re-appointed as the company's auditors and they appointed APA Esa Kailiala as the principal auditor.

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. By exercising active control over its holdings and participating in the work of the Board of Directors in target companies, Sievi Capital promotes risk management at the target company level.

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 four 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 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.

FUTURE OUTLOOK

Sievi Capital will continue to explore new investment opportunities in line with its strategy. 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 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.

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 2021.

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT AND THE ANNUAL GENERAL MEETING 2021

The parent company's distributable funds on 31 December 2020 were EUR 38.0 million. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.04 per share be paid for the financial period ended on 31 December 2020. Based on the number of shares on the balance sheet date, the total amount of dividend is EUR 2.3 million.

Sievi Capital Plc's Annual General Meeting is scheduled for Thursday, 29 April 2021. A notice of the Annual General Meeting will be published later as a stock exchange release.

EVENTS AFTER THE REVIEW PERIOD

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 are five key persons entitled to participating in the plan. If the performance targets set for the plan are fully achieved, the total number of shares awarded on the basis of the plan is at the maximum approximately 0.3 million Sievi Capital shares (gross; half of this in shares and half in cash).

On 11 February 2021, Sievi Capital received a flagging notification from Jussi Capital Oy, in which the company announced that its holding of shares in Sievi Capital Plc and related votes had fallen below the limit of 30 per cent on 11 February 2021.

CORPORATE GOVERNANCE STATEMENT

Sievi Capital's Corporate Governance Statement will be published on 24 February 2021 as a report that is separate from the Board of Directors' report and, after that, it will also be available on the company's website at www.sievicapital.fi.

STATEMENT OF NON-FINANCIAL INFORMATION

This is Sievi Capital Plc's statement of non-financial information. In this statement, we explain how Sievi Capital, as a group, handles environmental matters, social and employee-related matters, respect for human rights and anti-corruption and anti-bribery matters.

The parent company Sievi Capital Plc issues annually a Group-wide statement, which is approved by the Board of Directors. The statement for the financial period 2020 covers the parent company Sievi Capital Plc and the subsidiaries and their sub-groups that were part of the Group during the financial period. Nordic Rescue Group, which became part of the Group in February 2020, and Suvanto Trucks, which left the Group through a corporate transaction in December 2020, have been consolidated into the statement for the whole year 2020. The Logistikas sub-group, which became part of the Group in December 2020, has not been consolidated into this statement. Unlike in other reporting by Sievi Capital, the indicators in this statement are calculated on the basis of the consolidated figures of Sievi Capital Plc and its subsidiaries.

Based on the EU Directive (2014/95/EU), the Accounting Act requires listed companies to report on the above-mentioned matters. For each aspect, the company must disclose the following, among other things:

- Policies, including due diligence processes implemented
- Risks and risk management
- Outcomes
- Non-financial key performance indicators (KPIs) relevant to the business (1)

(1) In this statement, the term KPI, or Key Performance Indicator, refers to an indicator that Sievi Capital has defined for non-financial information

KPIs by topic

Environment	Electricity consumption, MWh
Social and employee-related matters	Sick leave rate, % Personnel turnover, %
Respect for human rights	Reports through the whistleblowing channel
Anti-corruption and anti-bribery matters	Reports through the whistleblowing channel

Sievi Capital complies with the Code of Conduct, which is binding on the entire Group. The Code of Conduct contains guidance on our responsibilities to our business environment, employees, business partners and society. The principles of the Code of Conduct form a framework of rules that guides our operations and exceeds legislative requirements: Our goal is to develop business on the basis of solid ethical principles in everything we do.

Sievi Capital is committed to acting as a responsible investor and an active owner. The principles for responsible investment have been integrated into Sievi Capital's investment decision-making process and ownership practices. When making new investment decisions and developing the target companies, Sievi Capital considers it important to understand the long- and short-term risks and opportunities related to target companies' environmental, social and corporate governance aspects. Sievi Capital's Board of Directors regularly follows the implementation and development of the responsible investment practices in the target companies.

BUSINESS MODEL

Sievi Capital Plc is a listed private equity investment company that invests in small and medium-sized Finnish companies with profitable business operations and positive cash flow. Our investment activities consist of long-term work as a partner for management and co-owners in target companies. As an active majority owner, we support growth, performance and value creation in our target companies. Investments are made directly from our own balance sheet, which enables agile and transparent investment activities.

Sievi Capital is actively looking for companies that it believes have what it takes to grow into leading players in their sectors. As a partner for management and co-owners in target companies, we encourage prudent risk-taking and mergers and acquisitions as well as leaps of growth and exploration of new opportunities. We develop our target companies' organisations and processes and optimise their financing solutions. In our target companies, we always strive for significant growth and value creation, which is realised at exit.

Growth and value creation must be achieved by responsible and ethical means. Social responsibility is an important part of our investment process and we require our target companies to commit to the development of responsible business. We believe that responsible business will create genuine added value and competitive edge in the long run.

Sievi Capital's business is characterised by the fact that the volume, size and sector of investments may sometimes vary considerably: new investments are made, changes take place in existing investments and exits are made. This complicates the comparison of Group-level non-financial information from different years as the Group companies, from which the information is collected, change.

ENVIRONMENTAL MATTERS

The Sievi Capital Group recognises its environmental responsibility and seeks to reduce the environmental burden and uphold the principles of sustainable development. We comply with environmental legislation and practices that protect and conserve the environment. We also require all our stakeholders to comply with environmental laws and regulations and we regularly assess the potential environmental risks as well as their impact in our own operations.

Our aim is to use and develop environmentally friendly solutions. We strive to improve the energy efficiency of our operations, reduce the amount of waste and protect the environment. Wherever possible and practicable, we give priority to ecologically sustainable supplier products and services.

Sievi Capital has identified electricity consumption as the Group's main environmental KPI. The Group companies operate in different sectors and electricity consumption varies from company to company. As Sievi Capital's Group companies do not operate in energy-intensive sectors, Sievi Capital estimates the Group's environmental risk to be low.

The Group companies report their electricity consumption for all the properties involved in their operations. Consumption details are collected from energy companies' reports and the figures are added together.

KPI	2020	2019
Electricity consumption, MWh	12,305	11,259

SOCIAL AND EMPLOYEE-RELATED MATTERS

Employee wellbeing and employee satisfaction are of paramount importance to the Sievi Capital Group's success. Our aim is to create a desirable workplace for all our employees, where they are treated with equal respect and dignity. In addition, we promote a culture of equal opportunities and diversity. We do not tolerate any form of abuse, discrimination or harassment.

Group company representatives and partners are expected to treat and respect all people equally, regardless of gender, nationality, religion, ethnicity, age, disability, sexual orientation, political opinions, trade union membership or social or ethnic origin.

We offer a safe and healthy working environment that complies with applicable laws and regulations. Our goal is to prevent accidents during working hours and reduce health and safety risks at the workplace.

Despite the Code of Conduct and the Group companies' responsibility orientation training, there is always a risk that actions jeopardising the health and occupational safety of individuals take place in the Group's own operations and its supply chain. Such actions may also damage Sievi Capital's reputation. The aim is to manage risks related to the Group's social and employee-related matters through continuous monitoring and early intervention in potential problems.

The Group regularly monitors information related to employees' sick leave and personnel turnover. Information is collected from HR, payroll and occupational health care statistics. This information serves as a basis for the following non-financial KPIs of the Group:

KPI	2020	2019
Sick leave rate, % (1)	4.0	4.2
Personnel turnover, % (2)	12.0	18.7

(1) Number of sick leave days in the financial period 1 Jan.–31 Dec. / theoretical regular working hours in days in the financial period * 100. Absences include illness- and accident-related absences as well as absences related to the illness of an employee's child during the financial period.

(2) Number of resigned employees in the period 1 Jan.–31 Dec. / average number of employees during the financial period * 100

RESPECT FOR HUMAN RIGHTS

The Sievi Capital Group respects and adheres to the principles set out in the United Nations Universal Declaration of Human Rights and all internationally recognised human rights, such as human equality, prohibition of discrimination and freedom of opinion and religion. In addition, the Group complies with labour legislation and collective agreements. Sievi Capital strives to build its operating methods and practices in such a way that respect for human rights is taken into account in all operations of the company. In its Group-wide Code of Conduct, Sievi Capital prohibits all violations of human rights and indicates the channel where personnel can report possible misconduct.

Sievi Capital estimates the Group's risk related to respect for human rights to be low; however, there is a risk that human rights are violated in the Group's own operations and its supply chain. These violations may have adverse effects for individuals and also damage Sievi Capital Plc's reputation.

Sievi Capital's Group companies have established whistleblowing channels. Their operating principles vary slightly depending on the structure and size of the organisation. The Group's newest target company, Logistikas, which it acquired in December 2020, will introduce a whistleblowing channel in 2021. Regardless of the structure of the whistleblowing channel, the key principle is to provide employees with the opportunity to confidentially report any concerns related to the Group's Code of Conduct.

We encourage Group employees to report any violations of legislation and the Code of Conduct or concerns arising from both the Group's own operations and the operations of our partners. All submitted reports are handled confidentially and investigated thoroughly. Persons who report this kind of misconduct in good faith will not be subject to any harmful work-related consequences. Violations of the Code of Conduct may result in appropriate disciplinary action, including the termination of employment or similar contract.

In 2020, no cases of misconduct related to respect for human rights were reported through the whistleblowing channel.

ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

The Sievi Capital Group complies with applicable laws and regulations and promotes fair and honest competition. We comply with applicable competition legislation and refrain from engaging in or committing unlawful acts. The Group companies do not participate in cartels and do not discuss contractual terms, prices or other competition issues with competitors.

We prohibit corruption and bribery in all our operations. We do not pay bribes or other unlawful payments, nor do we authorise such payments to gain or maintain business. We realise that reasonable gifts and hospitality are common in business relationships. However, we prohibit all bribery and acceptance of gifts that cannot be considered normal, reasonable and lawful or that can be interpreted as an attempt to influence business. The topic is covered by the Sievi Capital Group's Code of Conduct.

We do not accept, promote or support money laundering. We only do business with reputable parties who do legitimate business and whose funds come from legitimate sources.

Sievi Capital estimates the Group's risk related to anti-corruption and anti-bribery matters to be low; however, there is a risk that corruption and bribery occur in the Group's own operations and its supply chain. Although assessments indicate that the Group's own operations do not entail a high risk of corruption or bribery, Sievi Capital strives to integrate responsible business practices in all areas of its operations and to maintain a discussion on the existence of risks in the Group companies.

In 2020, no cases of misconduct related to corruption or bribery were reported through the whistleblowing channel.

Consolidated financial statements (IFRS)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
Dividend income	2	3,195,236	528,488
Interest income	2	5,929	4,583
Total income		**3,201,164**	**533,071**
Realised profits/losses & expenses of investments	3	-2,868,648	11,000,167
Unrealised changes in fair values of investments	3	12,957,093	5,693,536
Personnel expenses	4	-993,242	-690,962
Depreciation, amortisation and impairment	6	-52,268	-51,859
Other operating expenses	7	-593,103	-503,954
Operating profit		**11,650,996**	**15,979,998**
Financial income	8	20,480	4,090
Financial expenses	8	-75,491	-107,123
Profit before taxes		**11,595,984**	**15,876,966**
Income taxes	9	-1,701,698	-3,069,673
Net profit for the period		**9,894,286**	**12,807,292**
Distribution of the net profit for the period			
To equity holders of the parent company		9,894,286	12,807,292
Earnings per share calculated from the net profit:			
Undiluted earnings per share (EUR)	10	0.17	0.22
Diluted earnings per share (EUR)	10	0.17	0.22

CONSOLIDATED BALANCE SHEET

EUR	Note	31 Dec. 2020	31 Dec. 2019
ASSETS			
Non-current assets			
Property, plant and equipment	11	14,703	17,650
Right-of-use assets	12	12,203	59,208
Investments at fair value through profit or loss	13	72,427,848	48,484,134
Non-current receivables	16	11,730	245,438
Deferred tax assets	17	1,387,163	406,354
		73,853,647	**49,212,785**
Current assets			
Accrued income and other receivables	18	1,038,206	38,293
Cash and cash equivalents	19	8,607,973	32,259,532
		9,646,179	32,297,825
Assets, total		**83,499,825**	**81,510,610**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital		15,178,568	15,178,568
Reserve for invested unrestricted equity		12,885,510	12,664,002
Retained earnings		49,233,337	50,220,039
Total equity	20	**77,297,415**	**78,062,608**
Non-current liabilities			
Lease liabilities	21	0	12,047
Deferred tax liabilities	17	5,807,949	3,125,446
Other liabilities	21	19,425	38,850
		5,827,374	**3,176,343**
Current liabilities			
Lease liabilities	21	12,408	47,664
Trade and other liabilities	21	362,628	223,995
		375,036	**271,659**
Liabilities, total		**6,202,410**	**3,448,002**
Shareholders' equity and liabilities, total		**83,499,825**	**81,510,610**

CONSOLIDATED CASH FLOW STATEMENT

EUR	Note	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
Cash flow from operating activities			
Net profit for the period		9,894,286	12,807,292
Adjustments to the net profit for the period	22		
Taxes		1,701,698	3,069,673
Other adjustments		-13,079,525	-17,071,882
Changes in working capital			
Changes in liabilities		120,481	-25,058
Changes in receivables		88	28,413
Purchase of investments		-14,792,410	0
Proceeds from and expenses related to sale of investments		-62,859	45,022,673
Repayment of loan receivables		233,708	0
Interest received		26,408	4,090
Financial expenses paid		-9,498	-107,123
Dividends received		3,195,236	528,488
Taxes paid		-1,278	-6,910,000
Net cash flow from operating activities		**-12,773,664**	**37,346,567**
Cash flow from investing activities			
Investments in tangible and intangible assets		-1,954	-17,775
Net cash flow from investing activities		**-1,954**	**-17,775**
Cash flow from financing activities			
Investments in other financial assets		-23,600,000	0
Sale of other financial assets		23,534,006	0
Repayment of long-term loans		0	-6,000,000
Repayment of lease liabilities		-47,664	-45,473
Share issue		221,508	0
Dividends paid		-10,983,792	-1,732,963
Net cash flow from financing activities		**-10,875,942**	**-7,778,436**
Change in cash and cash equivalents		**-23,651,559**	**29,550,355**
Cash and cash equivalents 1 Jan.		32,259,532	2,709,177
Cash and cash equivalents 31 Dec.	19	**8,607,973**	**32,259,532**

Changes in financial liabilities consist only of changes that affect cash flows.

STATEMENT OF CHANGES IN EQUITY

		Equity attributable to equity holders of the parent company			
EUR 1,000	**Note**	**Share capital**	**Reserve for invested unrestricted equity**	**Retained earnings**	**Total equity**
Equity 1 Jan. 2020		**15,179**	**12,664**	**50,220**	**78,063**
Total comprehensive income					
Net profit for the period				9,894	9,894
Transactions with equity holders					
Share issue			222		222
Dividends paid				-10,984	-10,984
Share-based incentive schemes				103	103
Equity 31 Dec. 2020	20	**15,179**	**12,886**	**49,233**	**77,297**

		Equity attributable to equity holders of the parent company			
EUR 1,000	**Note**	**Share capital**	**Reserve for invested unrestricted equity**	**Retained earnings**	**Total equity**
Equity 1 Jan. 2019		**15,179**	**12,664**	**39,146**	**66,988**
Total comprehensive income					
Net profit for the period				12,807	12,807
Transactions with equity holders					
Dividends paid				-1,733	-1,733
Equity 31 Dec. 2019	20	**15,179**	**12,664**	**50,220**	**78,063**

Notes to the consolidated financial statements

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basic information

Sievi Capital Plc is a listed (Nasdaq Helsinki) private equity investment company that invests in small and medium-sized Finnish companies. Sievi Capital acts in close partnership with management and co-owners in target companies and actively supports growth, performance and value creation.

The Group's parent company Sievi Capital Plc is a Finland-based public limited liability company domiciled in Sievi. Its registered address is Aleksanterinkatu 17, FI-00100 Helsinki, Finland. The company's share is listed in Nasdaq Helsinki Ltd.

2. Basis of preparation of the financial statements

Sievi Capital's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS standards as well as SIC and IFRIC interpretations effective on 31 December 2020. "IFRS" refers to the standards and their interpretations that have been adopted for application in the Community in the Finnish Accounting Act and the provisions issued thereunder in accordance with the procedure laid down in the Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards. The notes to the financial statements are also in compliance with Finnish accounting and corporate legislation supplementing IFRS.

The financial statements information is presented in euros and the statement of changes in equity and the notes in thousands of euros. Sievi Capital's investments in subsidiaries and associated companies are recognised at fair value. The valuation of other financial statements items is based on original acquisition costs, unless otherwise stated in the accounting principles. All figures presented have been rounded, due to which the total sum of the individual figures may differ from the sum presented. The financial statements are prepared for a calendar year, which is Sievi Capital's reporting period.

3. Investment entity

Sievi Capital Plc is an investment entity. According to IFRS, an investment entity is an entity that:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both. Investment income includes, for instance, dividends, interest income or rental income; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The absence of any of these typical characteristics does not necessarily disqualify an entity from being classified as an investment entity. An investment entity is required to apply the consolidation exemption for the consolidated financial statements. Consequently, Sievi Capital's investments in subsidiaries are treated as financial instruments and recognised at fair value on the balance sheet and they are not consolidated into the financial statements items line item by line item. Investments in subsidiaries are presented on the balance sheet as net amounts and consolidated under one line item, "Investments at fair value through profit or loss". Changes in the fair values of investments are recognised through profit or loss and presented in the income statement under realised profits/losses of investments or unrealised changes in fair values of investments, depending on the nature of the changes. The treatment is based on the fact that, for the investment entity, using fair value produces more relevant information. Intra-group items that would be eliminated under the acquisition cost method are not eliminated. Furthermore, Sievi Capital does not apply the IFRS 3 Business Combinations standard to business combinations when it acquires control of another entity.

The accounting treatment of investments in associated companies is described in the section "Investments at fair value through profit or loss".

Further information on Sievi Capital's investments on the balance sheet date is presented in Note 13 to the financial statements.

4. Items denominated in foreign currencies

Sievi Capital's financial statements are presented in euros, which is the operating and reporting currency of the parent company.

Business transactions denominated in foreign currencies are recorded in the operating currency using the exchange rates on the transaction date. The resulting exchange rate differences are recognised through profit or loss. Exchange rate differences in financing are presented as net amounts under financial income and expenses.

Exchange rate differences arising from the conversion of non-euro-denominated investments in subsidiaries and associated companies into euros are included in the item "Changes in fair values of investments".

5. Financial assets and liabilities

Investments and financial instruments are classified as financial assets and liabilities recognised at fair value through profit or loss, loans and other receivables and liabilities recognised at amortised cost. Sievi Capital classifies financial assets and liabilities at the time of acquisition on the basis of the purpose of the acquisition. Purchases and sales of financial assets are recorded on the transaction date.

Financial assets are classified according to the business model that the Group uses in managing financial assets and on the basis of contractual cash flow characteristics into groups that determine their valuation bases. Financial assets are classified as financial assets recognised at fair value through profit or loss and financial assets recognised at amortised cost.

5.1 Financial assets

Investments at fair value through profit or loss

Investments at fair value through profit or loss include investments in subsidiaries and associated companies. Investments are recognised at fair value on each reporting date and changes in fair value are recognised in the net profit for the financial period in which they have arisen. Changes in the fair values of investments are recognised through profit or loss and presented in the income statement under realised profits/losses of investments or unrealised changes in fair values of investments, depending on the nature of the changes. The bases for determining fair values are described in section 6 of these accounting principles.

Subsidiaries

Subsidiaries are companies over which the parent company has control. Control is deemed to arise when Sievi Capital, as a participant in the entity, is exposed to or entitled to variable returns from the entity and is able to influence those returns by exercising its control over the entity. Control is usually based on the direct or indirect holding by the parent company of more than 50 per cent of the voting rights in the subsidiary. If the facts or circumstances change later, Sievi Capital will reassess whether it still has control over the entity. As an investment company, Sievi Capital applies the consolidation exemption for the consolidated financial statements. Investments in subsidiaries are treated as financial instruments, recognised at fair value through profit or loss, and are not subject to consolidation measures in accordance with IFRS 10. These investments are presented on the balance sheet under one line item, "Investments at fair value through profit or loss". Changes in the fair values of investments are recognised through profit or loss and presented in the income statement under realised profits/losses of investments or unrealised changes in fair values of investments, depending on the nature of the changes.

Associated companies

Associated companies are companies over which Sievi Capital exercises considerable influence. As a rule, considerable influence emerges when the company holds more than 20 per cent of the voting rights in the company or otherwise has considerable influence but not control.

Sievi Capital has decided to use the exemption from applying the equity method (IAS 28). Similarly to investments in subsidiaries, investments in associated companies are treated as financial instruments, recognised at fair value through profit or loss, and they are not subject to the equity method. These investments are presented on the balance sheet under one line item, "Investments at fair value through profit or loss". Changes in the fair values of investments in associated companies are recognised through profit or loss and presented in the income statement under realised profits/losses of investments or unrealised changes in fair values of investments, depending on the nature of the changes.

Financial assets recognised at amortised cost

Financial assets recognised at amortised cost are non-derivative financial instruments that are not quoted on public markets, that have a fixed or definable payment date and that are not held by Sievi Capital for trading purposes. This item includes sales and other receivables. Financial assets recognised at amortised cost are recognised at cost that has been amortised using the effective interest method. They are recorded under non-current assets if their maturity date is more than 12 months after the reporting date. Receivables are recognised at acquisition cost less expected credit losses. The amount of uncertain receivables is estimated on a case-by-case basis and credit losses are recorded as expenses in the income statement. Loans to subsidiaries and associated companies are treated as financial instruments, recognised at fair value through profit or loss, in the same way as equity investments in those companies.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at bank as well as short-term bank deposits. Items classified as cash and cash equivalents have a maturity of no more than three months from the date of acquisition. They are easily convertible into a known amount of cash and have a low risk of value changes.

Other financial assets

Other financial assets consist of investments in investment funds or capitalisation agreements that invest mainly in short-term interest rate financial instruments. Changes in the value of these items are recorded under financial income or financial expenses according to their nature.

5.2 Financial liabilities

Financial liabilities are divided into two categories: financial liabilities recognised at fair value through profit or loss (derivative liabilities) and financial liabilities recognised at amortised cost (other financial liabilities). On the balance sheet date, Sievi Capital had no derivative liabilities.

Financial liabilities are initially recognised at fair value and subsequently recognised at amortised cost using the effective interest method or at fair value, on the basis of the above classification. A financial liability is classified as current unless Sievi Capital has an unconditional right to defer payment of the liability for at least 12 months from the end date of the reporting period. Borrowing costs are recognised as financial expenses in the financial period in which they have incurred.

6. Determination of the fair values of investments

Fair value is the monetary amount that would arise from the sale of an asset or would be paid for the transfer of a liability in a normal transaction between market participants in active markets on the valuation date.

The IFRS standards require fair values to be determined both for the valuation of balance sheet items and for additional disclosures in the notes. The inputs used to determine fair values are categorised into three different levels of the fair value hierarchy. The hierarchy levels are based on the source of the inputs.

- Level 1: the fair values are based on quoted prices for identical assets in active markets on the valuation date.
- Level 2: the fair values of the instruments are based, to a significant extent, on inputs other than the quoted prices included in Level 1 but nevertheless on inputs that are verifiable, directly or indirectly, for the asset in question.
- Level 3: the fair values of the instruments 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 cash flow-based valuation models.

The fair value hierarchy level to which a particular asset recognised at fair value is classified as a whole has been determined on the basis of the lowest-level input data that is significant for the entire asset recognised at fair value. The significance of the input data has been estimated with regard to the asset recognised at fair value as a whole.

7. Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost less accumulated depreciation and impairment. Straight-line depreciation is performed for assets over their estimated useful life.

The estimated useful life for machinery and equipment is 4 years.

The residual values and useful lives of assets are reviewed at least at the end of each financial period and adjusted as necessary.

8. Leases

In accordance with IFRS 16, Sievi Capital, as a lessee, has recognised assets that describe its right to use leased assets during the lease term (right-of-use asset) and liabilities related to future leases (lease liability) starting from 1 January 2019. In the income statement, lease expenses that are related to leases recorded on the balance sheet according to IFRS 16 was replaced by interest expenses related to the lease liability and asset depreciation. The effect of the adoption of the IFRS 16 standard on the consolidated cash flow statement is related to the breakdown of rents paid into lease liability repayments classified under the cash flow from financing activities and lease liability interest payments classified under the cash flow from operating activities.

The accounting treatment of short-term leases and leases for low-value assets did not change with the adoption of the IFRS 16 standard.

9. Equity

Payments received from the issue of new shares are recognised under equity, less the transaction costs directly attributable to the issue and less the share of taxes.

If the parent company purchases its own shares (treasury shares), the consideration paid and the transaction costs directly attributable to the purchase, adjusted for tax effects, are deducted from the equity attributable to equity holders of the parent company until the shares are cancelled or re-issued. If the treasury shares in question are subsequently resold or re-issued, the consideration received is recognised directly in the equity attributable to equity holders of the parent company, less the transaction costs directly attributable to the issue and less the share of taxes.

The dividend proposed by the Board of Directors to the Annual General Meeting is not deducted from the parent company's equity until the Annual General Meeting has decided on the payment of the dividend.

10. Provisions and contingent liabilities

A provision is recorded on the balance sheet when a past event has created an existing obligation for Sievi Capital, the realisation of which is probable, and the amount of the obligation can be reliably estimated. The amount recorded as a provision corresponds to the management's best estimate of the expenses required to meet the existing obligation on the end date of the reporting period.

A contingent liability is a potential obligation that arises from past events and the existence of which will only be confirmed if an uncertain event outside Sievi Capital's control is realised (for instance, the outcome of an ongoing legal process). An existing obligation that is not likely to require a payment obligation to be fulfilled or whose size cannot be reliably determined is also considered to be a contingent liability. Contingent liabilities are presented in the notes.

11. Changes in fair values of investments, revenue and revenue recognition principles

Sievi Capital's income consists of interest and dividend income. Interest income is recognised using the effective interest method and dividend income when the right to dividend arises. The right to dividend arises when the general meeting of the company distributing the dividend has made a decision on the distribution.

Changes in the fair values of investments recognised at fair value through profit or loss are included in the income statement under realised profits/losses of investments or unrealised changes in fair values of investments, depending on the nature of the changes.

12. Employee benefits

Sievi Capital's employee benefits consist of the following:

- short-term employee benefits
- post-employment benefits; and
- share-based payments.

Expenses caused by employee benefits are included in the item "Personnel expenses" in the income statement.

Short-term employee benefits

Short-term employee benefits include salaries, wages, fees and fringe benefits as well as annual holidays and bonuses.

Post-employment benefits (pensions)

Post-employment benefits are paid to their beneficiaries after the termination of employment. In Sievi Capital, these benefits consist of pensions. The statutory pension cover of the company's personnel is provided through pension insurance policies. A pension scheme is classified as either a defined-contribution scheme or a defined-benefit scheme. In a defined-contribution scheme, the company makes fixed payments to a separate corporation or arrangement, after which the company is under no legal or de facto obligation to make additional payments if the recipient of the payments were unable to pay out the pensions in question. Contributions to defined-contribution pension schemes are recorded as expenses in the income statement for the financial period to which they relate. Sievi Capital had only defined-contribution schemes during the financial period.

Share-based payments

Share-based employee benefits paid under equity are recognised at fair value at the time of award. The amount recorded as expenses is amortised under personnel expenses and as an increase in equity over the vesting period. The estimated number of shares granted is reviewed and, if necessary, adjusted every six months. Any effect of adjustments made to initial estimates is recorded as personnel expenses in the income statement and the corresponding adjustment is made to equity.

13. Operating profit

The IAS 1 Presentation of Financial Statements standard does not define the concept of operating profit. Sievi Capital defines it as follows: operating profit is the resulting net amount when personnel expenses, depreciation, amortisation and impairment and other operating expenses are deducted from the sum of interest and dividend income, changes in fair values of investments and other operating income. Financial items and income taxes are presented under operating profit.

14. Income taxes

Tax expense in the income statement consists of the parent company's tax based on taxable income for the financial period and the change in the parent company's deferred tax liabilities and assets. Tax based on taxable income for the financial period is calculated on the basis of the taxable income determined in accordance with Finnish tax legislation and the current tax rate or the tax rate approved in practice by the balance sheet date. Tax is adjusted with taxes related to previous financial periods, if any. Income taxes are recognised through profit or loss except when they are related to items recognised directly in equity or other comprehensive income items. In this case, the tax is also recognised directly in equity or in other comprehensive income, respectively.

As a rule, deferred tax assets and liabilities are recorded for any temporary differences between their book values and taxation values using the liability method. The most significant temporary difference arises from the valuation of investments at fair value.

A deferred tax asset is recognised only to the extent that it is probable that the asset can be utilised against the taxable income of future financial periods. The conditions for recognising a deferred tax asset are assessed on the end date of each reporting period. Deferred tax liabilities are usually recorded on the balance sheet in full. The deferred tax liability recognised for investments is determined on the basis of the difference between the fiscal acquisition cost and the fair value for assets subject to the capital gains tax regulations.

Deferred taxes are determined using the tax rates (and tax laws) that are likely to apply when the tax is paid. Tax rates to be used are the tax rates in force on the end date of the reporting period or the tax rates for the year following the financial period if they have been approved in practice by the end date of the reporting period.

15. Accounting principles requiring management's discretion and key uncertainties related to estimates

The preparation of financial statements in accordance with the IFRS standards requires the company's management to make both

- discretionary decisions on the application of accounting principles and
- estimates and assumptions that affect the amounts of assets, liabilities, income and expenses to be reported as well as the notes to be provided.

Discretionary decisions made by the management influence the selection and application of accounting principles. This applies especially to those cases where the current IFRS standards contain alternative recognition, valuation or presentation methods. The most significant area in which the management has exercised the discretion described above is related to Sievi Capital Plc's investment entity status.

The estimates and associated assumptions are based on Sievi Capital's previous experience and other factors, such as the latest available information, circumstances related to future events and the future outlook on the balance sheet date. These are considered to represent the management's best judgment at the time of review and to be reasonable under the circumstances. It is possible that the actual outcome differs from the estimates and assumptions used in the financial statements.

Investment entity status

The company's management considers Sievi Capital Plc to be an investment entity as it meets the criteria for classification as an investment entity. The decision is based on the management's estimates and discretion.

Classification criterion

The entity obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services	The company is a listed investment company that aims at generating profit for its shareholders.
The entity commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.	Sievi Capital is engaged in investment activities for returns from capital appreciation, investment income, or both.
The entity measures and evaluates the performance of substantially all of its investments on a fair value basis.	The company's external and internal reporting is based on the use of fair values.

Determination of the fair values of investments

In Sievi Capital's financial statements, the determination of the fair values of investments is a key area. The determination of the fair values of investments may require significant management estimates and assumptions when the investment is not quoted on the market. The coronavirus pandemic has increased the uncertainty related to management estimates in determining the fair values of private equity investments. Market quotations are the primary element used in the valuation of investments. Where these are not available, generally accepted cash flow-based valuation methods are used, which require a significant use of estimates and assumptions.

16. New and revised standards and interpretations to be applied in future financial periods

Any published IFRS standards or IFRIC interpretations that have not yet entered into force are not expected to have a significant impact on Sievi Capital's financial statements once these standards or interpretations are adopted.

1. SEGMENT

Sievi Capital has only one business segment: investment activities. Sievi Capital Plc does not report segment figures separately because the figures for the whole company equal the figures for the investment activities segment.

2. INCOME

EUR 1,000	2020	2019
Dividend income from investments recognised at fair value through profit or loss	3,195	528
Interest income from loan receivables	6	5
Total income	**3,201**	**533**

3. VALUE CHANGES IN INVESTMENTS

EUR 1,000	2020	2019
Realised profits/losses and expenses of investments		
Investments' realised profits		11,878
Investments' realised losses	-2,806	
Expenses related to sale of investments	-63	-878
Realised profits/losses and expenses of investments, total	**-2,869**	**11,000**
Unrealised changes in fair values of investments		
From investments recognised at fair value through profit or loss / subsidiaries	12,957	5,694
Unrealised changes in fair values of investments, total	**12,957**	**5,694**

The realised losses of investments during the financial period resulted from the sale of the investment in Suvanto Trucks.

Of the unrealised changes in fair values of investments of the financial period, the most significant was the EUR 14.6 million positive change in fair value of the Indoor Group investment. The change in fair value was the result of the company's very strong development during the past year. When it comes to other investments, the changes in the fair value of the KH-Koneet Group and Nordic Rescue Group investments were negative during the financial period and the change in the fair value of the Logistikas investment was positive.

4. PERSONNEL EXPENSES

EUR 1,000	2020	2019
Salaries, wages and fees		630
Pension costs – defined-contribution schemes	75	48
Share-based payments	103	
Other indirect personnel expenses		12
Personnel expenses, total	**993**	**691**

Pension costs are defined-contribution costs.

	2020	2019
Average number of the company's employees during the financial period	**5**	**4**

Information on the management's salaries and remuneration is reported in Note 24, Transactions with related parties

5. SHARE-BASED INCENTIVE SCHEMES

In March 2020, Sievi Capital's Board of Directors decided on the establishment of a matching share plan and a performance-based share scheme for the company's key personnel and on the launching of the first plan (LTI 2020–2022) under the performance-based share scheme. These schemes replaced all the company's earlier long-term incentive schemes.

The purpose of the above-mentioned long-term incentive schemes is to continue to serve as incentive and enhance the commitment of the company's key personnel and, in this manner, contribute to and align the objectives of the company, its key personnel and its shareholders. The incentive schemes are subject to continued employment in the company. Accordingly, if the participant's employment or service relationship with Sievi Capital ends before the share award payment date, the participant is, as a rule, not entitled to any remuneration under the scheme.

Matching share plan

The matching share plan consists of an initial investment in the company's shares in the share issue organised in March 2020 and the right to receive without consideration, after the waiting period ending on 31 March 2021, one (1) matching share (gross) (jointly "Matching Shares") for each share that the plan participant subscribed in the share issue and holds at the end of the waiting period, in line with the terms and conditions of the matching share plan.

The Matching Shares will be issued to the participants on the date of their delivery in the manner decided by Sievi Capital.

Matching Shares awarded to the participants on the basis of the matching share plan are subject to a three-year transfer restriction: during this three-year period, the Matching Shares may not be sold, transferred or pledged and any rights related to them may not be otherwise transferred.

Performance-based share scheme and LTI 2020–2022

The performance-based share scheme consists of three 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.

The Board of Directors has approved the first plan (LTI 2020–2022) under the share scheme. Its performance period started on 1 January 2020 and the award of shares, if any, will take place in spring 2023, provided that the performance targets for the plan set by the Board of Directors are achieved. The shares awarded, if any, are Sievi Capital shares.

The performance targets applied to the first LTI 2020–2022 plan are based on Sievi Capital's average return on equity (ROE).

The maximum annually-earned remuneration to be paid on the basis of all plans within the scope of the performance-based share scheme is limited to 50 per cent of the participant's fixed annual salary for the CEO and other management and to 20–40 per cent the participant's fixed annual salary for other key personnel.

Information on share-based incentive schemes

	Share scheme LTI 2020–2022	Matching share plan
Award date	6 Mar. 2020	6 Mar. 2020
Performance period start date	1 Jan. 2020	12 Mar. 2020
Performance period end date	31 Dec. 2022	31 Mar. 2021
Vesting period end date	-	31 Mar. 2024
Conditions for entitlement	Average return on equity	Subscription in the share issue and ownership of shares for the duration of the waiting period
Realisation		
Share price at the time of award, EUR	1.15	1.03 (1)
Fair value of the benefit at the time of award, EUR	0.99	0.99
Outstanding shares of the scheme on 1 Jan. 2020 (gross)	0	0
Awarded during the period	367,179	208,970
Lost during the period	-	-
Realised during the period	-	-
Outstanding shares of the scheme on 31 Dec. 2020 (gross)	367,179	208,970
Persons within the scope of the scheme on 31 Dec. 2020	4	4

(1) Price at the time when the shares, which are required by the scheme, had been subscribed to in the share issue and the performance period started

The fair value of the matching share plan was determined at the beginning of the performance period and is recognised as an expense in equal instalments until the end of the commitment period.

The fair value of the LTI 2020–2022 scheme was first determined at the time of award. The fair value is adjusted as necessary when the estimate of the number of shares to be paid under the scheme is specified in more detail. The fair value is recognised as an expense during the performance period.

A total of EUR 0.1 (0.0) million of amortised cost of share schemes was recognised in the income statement for the financial period ended.

6. DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR 1,000	2020	2019
Depreciation and amortisation by asset class		
Tangible assets		
Machinery and equipment	5	6
Right-of-use assets	47	46
Depreciation and amortisation, total	**52**	**52**

7. OTHER OPERATING EXPENSES

EUR 1,000	2020	2019
Expenses related to premises and properties	6	16
Expert services	382	328
Other operating expenses	205	160
Other operating expenses, total	**593**	**504**
Auditor's fees included in other operating expenses		
Auditing	48	33
Other services		4
Total	**48**	**37**

8. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2020	2019
Financial income		
Other financial income	20	4
Financial income, total	**20**	**4**
Financial expenses		
Interest expenses from non-current financial liabilities		103
Interest expenses from lease liabilities	1	1
Other financial expenses	75	3
Financial expenses, total	**75**	**107**

9. INCOME TAXES

EUR 1,000	2020	2019
Tax based on taxable income for the financial period 20%	0	-6,911
Deferred taxes 20%	-1,702	3,842
Total	**-1,702**	**-3,070**

Reconciliation of tax expense in the income statement and taxes calculated at the tax rate applicable in Finland (20%):

Profit before taxes	11,596	15,877
Taxes calculated at Finnish tax rate	-2,319	-3,175
Tax-exempt income	639	106
Other items	-22	0
Taxes in the income statement	**-1,702**	**-3,070**

10. EARNINGS PER SHARE

EUR 1,000	2020	2019
Net profit for the period attributable to equity holders of the parent company	9,894	12,807
Number of shares at the end of the period (1,000)	57,974	57,765
Average number of shares during the financial period, undiluted (1,000)	57,930	57,765
Average number of shares during the financial period, diluted (1,000)	57,951	57,765
Earnings per share, undiluted (EUR per share)	**0.17**	**0.22**
Earnings per share, diluted (EUR per share)	**0.17**	**0.22**

11. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	2020	2019
Property, plant and equipment at the beginning of the period	18	6
Additions	2	20
Depreciation according to plan	-5	-6
Advance payments		-2
Property, plant and equipment at the end of the period	**15**	**18**

12. RIGHT-OF-USE ASSETS

EUR 1,000	2020	2019
Right-of-use assets at the beginning of the period	59	0
Additions	0	105
Depreciation according to plan	-47	-46
Right-of-use assets at the end of the period	**12**	**59**

13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The company does not consolidate the data of subsidiaries but recognises them at fair value through profit or loss. Associated companies are also recognised at fair value through profit or loss.

EUR 1,000	2020	2019
Shares in associated companies at the beginning of the period	0	28,888
Additions		
Reductions		-28,888
Changes in fair value		
Shares in associated companies at the end of the period	**0**	**0**
Shares in subsidiaries at the beginning of the period	48,484	42,791
Additions	14,792	
Reductions	-3,806	
Changes in fair value	12,957	5,694
Shares in subsidiaries at the end of the period	**72,428**	**48,484**
Capital loan receivables from subsidiaries at the beginning of the period	0	5,134
Additions		
Reductions		-5,134
Changes in fair value		
Capital loan receivables from subsidiaries at the end of the period	**0**	**0**
Total	**72,428**	**48,484**

Information on subsidiaries	Domicile	Holding (%)
31 Dec. 2020		
Indoor Group Holding Oy	Helsinki	58.2%
KH-Koneet Group Oy	Helsinki	66.4%
Logistikas Oy	Helsinki	70.0%
Nordic Rescue Group Oy	Helsinki	69.9%
31 Dec. 2019		
Indoor Group Holding Oy	Helsinki	59.1%
KH-Koneet Group Oy	Helsinki	67.1%
Nordic Rescue Group Oy	Helsinki	72.5%
Suvanto Trucks Oy	Turku	67.2%

At the end of the period, investments were distributed as follows (EUR million):

	31 Dec. 2020	31 Dec. 2019
Private equity investments		
Indoor Group Holding Oy	41.5	26.9
KH-Koneet Group Oy	17.0	17.8
Logistikas Oy	6.1	
Nordic Rescue Group Oy	7.9	
Suvanto Trucks Oy		3.8
Private equity investments, total	**72.4**	**48.5**

During the financial period, Sievi Capital made new initial investments in Nordic Rescue Group (EUR 8.3 million) and Logistikas (EUR 5.6 million) and an additional investment in KH-Koneet Group (EUR 0.9 million) and exited from the Suvanto Trucks investment.

14. CATEGORISATION OF INVESTMENT ASSETS

Investment assets consist of the following items:
Investments at fair value through profit or loss, specification in Note 13

EUR 1,000	Level 3	Total
31 Dec. 2020		
Private equity investments	72,428	72,428
Levels, total	**72,428**	**72,428**
31 Dec. 2019		
Private equity investments	48,484	48,484
Levels, total	**48,484**	**48,484**

All investments are euro-denominated.

Sensitivity analysis of level 3 investments 31 December 2020

Investment category	Fair value 31 Dec. 2020, EUR million	Valuation model	Unobservable inputs	Inputs used (weighted average)	Change in valuation if the input changes by +/- 1 percentage points, EUR million
Private equity 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 % (1)	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).

Sensitivity analysis of level 3 investments 31 December 2019

Investment category	Fair value 31 Dec. 2019, EUR million	Valuation model	Unobservable inputs	Inputs used (weighted average)	Change in valuation if the input changes by +/- 1 percentage points, EUR million
Private equity investments	48.5	Discounted cash flows	Discount rate (WACC)	11.4%	-6.3 / +7.5
			Terminal growth	0.0%	+3.4 / -2.9
			Forecast period's (5 y.) net sales growth p.a.	1.6%	+3.8 / -3.6
			Forecast period's (5 y.) EBITDA % (1)	6.1%	+6.5 / -6.5

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

15. FAIR VALUE HIERARCHY

Investment assets broken down into hierarchy levels:

EUR 1,000	Private equity investments	Other financial assets	Total
LEVEL 1			
Fair values 1 Jan. 2019	**0**	**0**	**0**
Changes in value			
Purchases			
Sale			
Fair values 31 Dec. 2019	**0**	**0**	**0**
Changes in value			0
Purchases		-23,600	-23,600
Sale		23,600	23,600
Fair values 31 Dec. 2020	**0**	**0**	**0**
LEVEL 3			
Fair values 1 Jan. 2019	**76,813**	**0**	**76,813**
Changes in value	5,694		5,694
Purchases			0
Sale (1)	-34,023		-34,023
Fair values 31 Dec. 2019	**48,484**	**0**	**48,484**
Changes in value	12,957		12,957
Purchases	14,792		14,792
Sale	-3,806		-3,806
Fair values 31 Dec. 2020	**72,428**	**0**	**72,428**
Fair values, total 31 Dec. 2020	**72,428**	**0**	**72,428**
Changes in value through profit or loss:			
Changes in value 2020	12,957	0	**12,957**
Changes in value 2019	5,694	0	**5,694**

(1) Includes the repayment of shareholder loan receivables

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. Risks related to the valuations of private equity investments are described in Note 25.

Other financial assets owned by the company consist of investments in investment funds or capitalisation agreements that invest mainly in short-term interest rate financial instruments. Other financial assets have been categorised to the hierarchy level 1. Unlisted private equity investments 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 financial period.

16. NON-CURRENT RECEIVABLES

EUR 1,000	2020	2019
Receivables from the subsidiaries' related parties		
Acquisition cost at the beginning of the period	234	229
Additions		5
Reductions	-234	
Book value at the end of the period	**0**	**234**
Other receivables	**12**	**12**
Receivables, total	**12**	**245**

The original book value of the receivables corresponds to their fair value as the effect of discounting is not material considering the maturity of the receivables.

17. DEFERRED TAX ASSETS AND LIABILITIES

EUR 1,000	1 Jan. 2020	Recognised through profit or loss	31 Dec. 2020
Deferred tax assets:			
Investments at fair value through profit or loss	406	-315	91
Leases	0	0	0
Confirmed losses	0	0	**0**
Unconfirmed losses	0	1,296	1,296
Total	**406**	**981**	**1,387**
Deferred tax liabilities:			
Investments at fair value through profit or loss	-3,125	-2,683	-5,808
Total	**-3,125**	**-2,683**	**-5,808**

EUR 1,000	1 Jan. 2019	Recognised through profit or loss	31 Dec. 2019
Deferred tax assets:			
Investments at fair value through profit or loss	0	406	406
Leases	0	0	0
Confirmed losses	0	0	**0**
Unconfirmed losses	0	0	0
Total	**0**	**406**	**406**
Deferred tax liabilities:			
Investments at fair value through profit or loss	-6,561	3,435	-3,125
Total	**-6,561**	**3,435**	**-3,125**

18. ACCRUED INCOME AND OTHER RECEIVABLES

EUR 1,000	2020	2019
Accrued income	38	38
Loan receivables	1,000	
Total	**1,038**	**38**

Loan receivables consist of a purchase price receivable related to the sale of the Suvanto Trucks Oy shares. The fair value of the loan receivables corresponds to their book value.

19. CASH AND CASH EQUIVALENTS

EUR 1,000	2020	2019
Cash and cash equivalents		
Cash and bank balances	8,608	32,260
Cash and cash equivalents, total	**8,608**	**32,260**

20. NOTES RELATING TO SHAREHOLDERS' EQUITY

1,000 units	Number of shares, pcs	Share capital	Reserve for invested unrestricted equity
1 Jan. 2020	**57,765**	**15,179**	**12,664**
Share issue	209		222
31 Dec. 2020	**57,974**	**15,179**	**12,886**

Shares

Sievi Capital's share capital at the end of the financial period was EUR 15,178,567.50 and the number of shares was 57,974,409. 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 financial period.

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other equity investments.

Authorisations

Sievi Capital's Extraordinary General Meeting held on 29 January 2020 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 2021 and their content is described in more detail in the stock exchange release about the resolutions of the Extraordinary General Meeting, published on 29 January 2020.

Share issues

On 6 March 2020, Sievi Capital Plc's Board of Directors decided on a directed share issue to the company's personnel. A total of 208,970 new shares were subscribed in an acceptable manner in the share issue. The subscription price for the new shares was EUR 1.06 per share.

Proposal of the Board of Directors on the distribution of funds

The parent company's distributable funds on 31 December 2020 were EUR 37,955,520.88. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.04 per share be paid for the past financial period. Based on the number of shares on the balance sheet date, the total amount of dividend is EUR 2.3 million.

Dividends paid during the financial period

A dividend of EUR 0.15 per share (approximately EUR 8.7 million in total) has been paid for the financial period ended on 31 December 2018 by a resolution of the Extraordinary General Meeting of 29 January 2020.

A dividend of EUR 0.04 per share (approximately EUR 2.3 million in total) has been paid for the financial period ended on 31 December 2019 by a resolution of the Annual General Meeting of 29 April 2020.

21. LIABILITIES

EUR 1,000	2020	2019
Non-current		
Lease liabilities		12
Other liabilities	19	39
Current		
Lease liabilities	12	48
Accrued expenses		
Accrued expenses caused by employee benefits	215	171
Trade payables	88	13
Other liabilities		
Liabilities to be paid to the Tax Administration	59	40
Liabilities, total	**394**	**323**

On the balance sheet date, the Group had no loans from financial institutions.

Liabilities and their interest falling due, 31 Dec. 2020:

	Lease liabilities with interest	Other liabilities	Total
In less than 3 months	12	237	249
In 3 months – less than 12 months		126	126
In 1–2 years		10	10
In 2–5 years		10	10
In more than 5 years			0
Total	**12**	**382**	**394**

22. ADJUSTMENTS TO CASH FLOW FROM OPERATING ACTIVITIES

EUR 1,000	2020	2019
Adjustments to the net profit for the period		
Unrealised changes in fair values of investments	-12,957	-5,694
Realised profits/losses & expenses of investments	2,869	-11,000
Dividend income	-3,195	-528
Interest and financial income	-26	-9
Financial expenses	75	107
Depreciation according to plan	52	52
Share-based incentive schemes	103	
Total	**-13,080**	**-17,072**

23. CONTINGENT LIABILITIES

Sievi Capital has signed a lease agreement for new premises. The agreement was signed in 2020, but the lease period will begin on 1 April 2021. At the beginning of the lease period, a right-of-use asset and a lease liability related to the agreement, amounting to approximately EUR 0.3 million, will be recognised in the balance sheet.

24. TRANSACTIONS WITH RELATED PARTIES

The company's related parties include the parent company and subsidiaries. Related parties also include the members of the company's Board of Directors, the company's CEO and other management as well as their related parties.

The Sievi Capital Group's parent company and direct subsidiaries

	Domicile	Group's and the parent company's holding	Share of voting rights
Parent company: Sievi Capital Plc	Finland		
Indoor Group Holding Oy	Finland	58.2%	58.2%
KH-Koneet Group Oy	Finland	66.4%	66.4%
Logistikas Oy	Finland	70.0%	70.0%
Nordic Rescue Group Oy	Finland	69.9%	69.9%

Related party transactions during the period

EUR 1,000	Share issue for cash	Interest income
2020		
Sievi Capital's CEO and other management	177	

Sievi Capital sold its holding in Suvanto Trucks in December 2020. In the transaction, Suvanto Trucks, which was Sievi Capital's subsidiary before the transaction, acquired the shares owned by Sievi Capital at the purchase price of EUR 1.0 million. The purchase price will be paid in instalments during 2021, in accordance with the terms of the transaction. In connection with the transaction, Suvanto Trucks paid a dividend to its shareholders, of which Sievi Capital's share was EUR 0.7 million, and the loans granted by Sievi Capital to the key personnel of Suvanto Trucks, totalling EUR 0.2 million, were paid back to Sievi Capital.

EUR 1,000	Share issue for cash	Interest income
2019		
Indoor Group Holding Oy		276

Management's employee benefits and fees paid to the Board of Directors

EUR 1,000		2020	2019
CEO Päivi Marttila			
Salaries and other short-term employee benefits		220	219
Statutory pension contributions		50	32
Other management			
Salaries and other short-term employee benefits		168	176
Fees paid to the Board of Directors			
Kati Kivimäki	As of 10 April 2019	25	27
Seppo Laine	Until 10 April 2019	39	23
Asa-Matti Lyytinen		25	15
Tuomo Lähdesmäki	As of 10 April 2019	25	23
Taru Narvanmaa	As of 10 April 2019	140	111
Klaus Renvall		25	23
Fees paid to the Board of Directors, total		**140**	**111**

25. THE MOST SIGNIFICANT NEAR-TERM 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. By exercising active control over its holdings and participating in the work of the Board of Directors in target companies, Sievi Capital promotes risk management at the target company level.

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 four 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 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.

26. CAPITAL STRUCTURE MANAGEMENT

A strong capital structure enables the company to ensure normal operating conditions and growth opportunities. The company is constantly investigating various alternatives for managing capital more efficiently. One of the company's financial targets is a gearing of maximum 20%. Gearing was in line with the target at the end of the financial period.

	2020	2019
Gearing	-11.1%	-41.2%
Equity ratio	92.6%	95.8%

27. EVENTS AFTER THE END OF THE REPORTING PERIOD

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 are five key persons entitled to participating in the plan. If the performance targets set for the plan are fully achieved, the total number of shares awarded on the basis of the plan is at the maximum approximately 0.3 million Sievi Capital shares (gross; half of this in shares and half in cash).

On 11 February 2021, Sievi Capital received a flagging notification from Jussi Capital Oy, in which the company announced that its holding of shares in Sievi Capital Plc and related votes had fallen below the limit of 30 per cent on 11 February 2021.

Key indicators and calculation of key indicators

KEY INDICATORS, IFRS

EUR 1,000	2020	2019
Key financial indicators		
Income, EUR million	3.2	0.5
Operating profit, EUR million	11.7	16.0
Net profit for the period, EUR million	9.9	12.8
Return on equity, %	12.7	17.7
Return on capital employed, %	15.0	21.2
Loans from financial institutions, EUR million	0.0	0.0
Gearing, %	-11.1	-41.2
Equity ratio, %	92.6	95.8
Personnel, average	5	4
Key indicators per share		
Earnings per share, EUR, undiluted	0.17	0.22
Earnings per share, EUR, diluted	0.17	0.22
Shareholders' equity per share, EUR	1.33	1.35
Dividend per share, EUR (1)	0.04	0.04
Dividend per earnings, % (1)	23.4	18.0
Effective dividend yield, % (1)	3.7	3.1
Price-to-earnings ratio (P/E)	6.3	5.8
Share trading		
Number of shares traded, 1,000	58,643	3,458
Percentage of total shares, %	101.2	6.0

EUR 1,000	2020	2019
Share performance		
Lowest price, EUR	0.85	1.16
Highest price, EUR	1.45	1.55
Average price, EUR	1.05	1.25
Price at the end of the period, EUR	1.08	1.28
Market capitalisation at the end of the period, EUR million	62.6	73.7
Number of shares		
At the end of the period, 1,000	57,974	57,765
Average during the period, undiluted, 1,000	57,930	57,765
Average during the period, diluted, 1,000	57,951	57,765

(1) According to the Board of Directors' proposal for the distribution of profit for 2020

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).

CALCULATION OF KEY INDICATORS

Return on equity, %	Net profit for the period x 100 / Shareholders' equity (average)
Return on capital employed, %	(Profit before taxes + financial expenses) x 100 / Balance sheet total - non-interest-bearing liabilities (average)
Gearing, %	(Financial liabilities (1) - cash and cash equivalents and other financial assets) x 100 / Equity
Equity ratio, %	Shareholders' equity x 100 / Balance sheet total - advance payments received
Earnings per share	Net profit for the period / Average number of shares during the financial period
Shareholders' equity per share (2)	Equity / Number of shares at the end of the financial period
Dividend per share	Dividend to be distributed for the financial period / Number of shares at the end of the financial period
Dividend per earnings, %	Dividend per share x 100 / Earnings per share
Effective dividend yield, %	Dividend per share x 100 / Share price at the end of the year
Price-to-earnings ratio (P/E)	Share price at the end of the year / Earnings per share
Average share price	Total share turnover / Number of shares traded
Market capitalisation	Number of shares x price at the end of the year

(1) Includes loans from financial institutions and lease liabilities
(2) Corresponds with net asset value per share

Parent company's financial statements (FAS)

PARENT COMPANY'S INCOME STATEMENT

EUR	Note	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
Personnel expenses	1	-890,437.04	-690,962.47
Depreciation	2	-4,901.01	-5,883.49
Other operating expenses	3	-641,430.83	-550,873.76
Operating profit		**-1,536,768.88**	**-1,247,719.72**
Financial income	4	3,221,643.87	36,438,360.56
Financial expenses	4	-4,974,742.97	-105,676.25
Profit before appropriations and taxes		**-3,289,867.98**	**35,084,964.59**
Income taxes	5	-4.79	-6,911,272.89
Net profit for the period		**-3,289,872.77**	**28,173,691.70**

PARENT COMPANY'S BALANCE SHEET

EUR	Note	31 Dec. 2020	31 Dec. 2019
ASSETS			
Non-current assets			
Tangible assets			
Machinery and equipment	6	14,702.95	17,650.46
		14,702.95	17,650.46
Investments			
Holdings in Group companies	7	43,843,530.00	34,888,176.10
		43,843,530.00	34,888,176.10
Non-current assets, total		**43,858,232.95**	**34,905,826.56**
Current assets			
Non-current receivables			
Loan receivables	9	0.00	233,708.16
Other receivables	9	11,730.00	11,730.00
		11,730.00	245,438.16
Current receivables			
Loan receivables	10	1,000,000.00	0.00
Accrued income	10	38,205.57	38,293.36
		1,038,205.57	38,293.36
Cash and cash equivalents		**8,607,973.13**	**32,259,532.00**
Current assets, total		**9,657,908.70**	**32,543,263.52**
Assets, total		**53,516,141.65**	**67,449,090.08**

EUR	Note	31 Dec. 2020	31 Dec. 2019
LIABILITIES			
Equity			
Share capital		15,178,567.50	15,178,567.50
Reserve for invested unrestricted equity		12,885,510.35	12,664,002.15
Retained earnings		28,359,883.30	11,169,983.81
Net profit for the period		-3,289,872.77	28,173,691.70
Total equity	11	**53,134,088.38**	**67,186,245.16**
Liabilities			
Non-current			
Accrued expenses	12	19,425.00	38,850.00
Current			
Trade payables	12	88,010.83	12,819.61
Other liabilities	12	59,118.53	39,006.78
Accrued expenses	12	215,498.91	172,168.53
		362,628.27	223,994.92
Total liabilities		**382,053.27**	**262,844.92**
Liabilities, total		**53,516,141.65**	**67,449,090.08**

PARENT COMPANY'S CASH FLOW STATEMENT

1,000 EUR	Note	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
Cash flow from operating activities			
Net profit for the period		-3,289.9	28,173.7
Adjustments to the net profit for the period	13	1,758.0	-29,415.5
Change in working capital	13	120.6	3.4
Purchase of investments		-14,792.4	0.0
Proceeds from and expenses related to sale of investments		-62.9	45,022.7
Repayment of loan receivables		233.7	0.0
Interest received		26.4	4.1
Financial expenses paid		-8.8	-105.7
Dividends received		3,195.2	528.5
Taxes paid		-1.3	-6,910.0
Cash flow from operating activities		**-12,821.3**	**37,301.1**
Cash flow from investing activities			
Investments in tangible assets		-2.0	-17.8
Cash flow from investing activities		**-2.0**	**-17.8**
Cash flow from financing activities			
Investments in other financial assets		-23,600.0	0.0
Sale of other financial assets		23,534.0	0.0
Repayment of long-term loans		0.0	-6,000.0
Share issue		221.5	0.0
Dividends paid		-10,983.8	-1,733.0
Cash flow from financing activities		**-10,828.3**	**-7,733.0**
Change in cash and cash equivalents		**-23,651.6**	**29,550.4**
Cash and cash equivalents 1 Jan.		32,259.5	2,709.2
Cash and cash equivalents 31 Dec.		**8,608.0**	**32,259.5**

Notes to the parent company's financial statements

PARENT COMPANY ACCOUNTING PRINCIPLES

Sievi Capital Plc is a Finland-based public limited liability company domiciled in Sievi. Sievi Capital Plc's financial statements have been prepared in accordance with the Finnish Accounting Act and other regulations in force in Finland (FAS). The consolidated financial statements have been prepared in accordance with the IFRS standards. For Sievi Capital Plc, the Finnish accounting practices and the IFRS accounting principles are mainly consistent so the key accounting principles can be read in the IFRS accounting principles. The most significant difference between the FAS and IFRS accounting principles is in recording investments; in the parent company, investments are valued at the lower of acquisition cost and the probable realisable value and in IFRS, investments are valued at fair value.

1. PERSONNEL EXPENSES

1,000 EUR	2020	2019
Salaries, wages and fees	786	630
Pension costs	75	48
Other indirect personnel expenses	29	12
Total	**890**	**691**

Pension costs are defined-contribution costs.

Average number of employees during the financial period		
Employees	5	4
Total	**5**	**4**

Information on the management's salaries and remuneration as well as transactions with related parties are reported in Note 24 to the IFRS financial statements.

2. DEPRECIATION, AMORTISATION AND IMPAIRMENT

1,000 EUR	2020	2019
Depreciation and amortisation by asset class		
Tangible assets		
Machinery and equipment	5	6
Total	**5**	**6**
Depreciation and amortisation, total	**5**	**6**

3. OTHER OPERATING EXPENSES

1,000 EUR	2020	2019
Expenses related to premises and properties	54	63
Expert services	382	328
Other operating expenses	205	160
Total	**641**	**551**
Auditor's fees		
Auditing	48	33
Other services		4
Total	**48**	**37**

4. FINANCIAL INCOME AND EXPENSES

1,000 EUR	2020	2019
Return on holdings in Group companies		
Dividend income	3,195	
Interest income and capital gains		276
Total	**3,195**	**276**
Return on holdings in associated companies		
Dividend income		528
Interest income and capital gains (1)		35,625
Total	**0**	**36,154**
Other interest and financial income		
From others	26	9
Total	**26**	**9**
Interest expenses and other financial expenses		
Losses from the sale of Group company shares (2)	-4,900	
Other financial expenses	-75	-106
Total	**-4,975**	**-106**
Financial income and expenses, total	**-1,753**	**36,333**

(1) The figure for 2019 includes Sievi Capital Plc's share of the costs related to the sale of the associated company iLOQ Ltd, a total of EUR 878,000.
(2) The figure for 2020 includes expenses related to the sale of the Suvanto Trucks Oy shares, a total of EUR 63,000.

5. INCOME TAXES

1,000 EUR	2020	2019
Tax based on taxable income for the financial period	0	-6,911
Total	**0**	**-6,911**

6. TANGIBLE ASSETS

2020

1,000 EUR	Machinery and equipment	Advance payments and purchases in progress	Other tangible assets	Tangible assets, total
Acquisition cost 1 Jan. 2020	25	0	0	25
Additions	2			2
Reductions				0
Acquisition cost 31 Dec. 2020	**27**	**0**	**0**	**27**
Accumulated depreciation 1 Jan. 2020	-7	0	0	-7
Depreciation	-5			-5
Reductions				0
Accumulated depreciation 31 Dec. 2020	**-12**	**0**	**0**	**-12**
Book value 1 Jan. 2020	18	0	0	18
Book value 31 Dec. 2020	**15**	**0**	**0**	**15**

2019

1,000 EUR	Machinery and equipment	Advance payments and purchases in progress	Other tangible assets	Tangible assets, total
Acquisition cost 1 Jan. 2019	5	2	0	7
Additions	20			20
Reductions		-2		-2
Acquisition cost 31 Dec. 2019	**25**	**0**	**0**	**25**
Accumulated depreciation 1 Jan. 2019	-1	0	0	-1
Depreciation	-6			-6
Reductions				0
Accumulated depreciation 31 Dec. 2019	**-7**	**0**	**0**	**-7**
Book value 1 Jan. 2019	4	2	0	6
Book value 31 Dec. 2019	**18**	**0**	**0**	**18**

7. HOLDINGS IN GROUP COMPANIES

1,000 EUR	2020	2019
Acquisition cost 1 Jan.	34,888	34,888
Addition, KH-Koneet Group Oy's shares	855	
Addition, Logistikas Oy's shares	5,600	
Addition, Nordic Rescue Group Oy's shares	8,338	
Reduction, Suvanto Trucks Oy's shares	-5,837	
Acquisition cost 31 Dec.	**43,844**	**34,888**
Book value 31 Dec.	**43,844**	**34,888**

Group companies	Domicile	Parent company's holding (%)	Parent company's book value
Indoor Group Holding Oy	Finland	58.2%	18,201
KH-Koneet Group Oy	Finland	66.4%	11,705
Logistikas Oy	Finland	70.0%	5,600
Nordic Rescue Group Oy	Finland	69.9%	8,338
			43,844

8. HOLDINGS IN ASSOCIATED COMPANIES

1,000 EUR	2020	2019
Acquisition cost 1 Jan.	0	3,987
Reductions		-3,987
Acquisition cost 31 Dec.	**0**	**0**
Book value 31 Dec.	**0**	**0**

9. NON-CURRENT RECEIVABLES

1,000 EUR	2020	2019
Loan receivables		234
Other receivables	12	12
Book value 31 Dec.	**12**	**245**

10. CURRENT RECEIVABLES

1,000 EUR	2020	2019
Loan receivables	1,000	
Accrued income	38	38
Total	**1,038**	**38**

11. EQUITY

1,000 EUR	2020	2019
Share capital		
Share capital 1 Jan.	15,179	15,179
Share capital 31 Dec.	**15,179**	**15,179**
Restricted equity, total 31 Dec.	**15,179**	**15,179**
Reserve for invested unrestricted equity		
Reserve for invested unrestricted equity 1 Jan.	12,664	12,664
Share issue	222	
Reserve for invested unrestricted equity 31 Dec.	**12,886**	**12,664**
Retained earnings		
Retained earnings 1 Jan.	39,344	12,903
Profit distribution	-10,984	-1,733
Retained earnings 31 Dec.	**28,360**	**11,170**
Net profit/loss for the period	**-3,290**	**28,174**
Unrestricted equity, total	**37,956**	**52,008**
Total equity	**53,134**	**67,186**
Statement of distributable equity at the end of the period		
Reserve for invested unrestricted equity	12,886	12,664
Retained earnings	28,360	11,170
Net profit for the period	-3,290	28,174
Total	**37,956**	**52,008**

12. LIABILITIES

1,000 EUR	2020	2019
Liabilities, non-current		
Accrued expenses	19	39
Total	**19**	**39**
Other liabilities, the most significant items		
Trade payables	88	13
Withholding tax and health insurance contribution liabilities	59	39
Total	**147**	**52**
The most significant items included in accrued expenses		
Personnel expenses, long-term	19	39
Personnel expenses, short-term	215	171
Total	**235**	**210**

13. ADJUSTMENTS TO CASH FLOW FROM OPERATING ACTIVITIES

1,000 EUR	2020	2019
Adjustments to the net profit for the period		
Depreciation according to plan	5	6
Financial income and expenses	1,753	-36,333
Taxes	0	6,911
Total	**1,758**	**-29,416**
Changes in working capital		
Increase (-)/decrease (+) in current non-interest-bearing trade receivables	0	28
Increase (+)/decrease (-) in current non-interest-bearing liabilities	120	-25
Change in working capital, total	**121**	**3**

14. CONTINGENT LIABILITIES

1,000 EUR	2020	2019
Lease liabilities		
Payable within one year	88	48
Payable in more than one year but at the latest within five years	227	12

Signatures of the Board of Directors' report and the financial statements

Helsinki, 23 February 2021

Tuomo Lähdesmäki
Chair of the Board of Directors

Asa-Matti Lyytinen
member of the Board of Directors

Kati Kivimäki
member of the Board of Directors

Taru Narvanmaa
member of the Board of Directors

Klaus Renvall
member of the Board of Directors

Päivi Marttila
CEO

Auditor's note

A report on the audit performed has been issued today.

Helsinki, 23 February 2021

KPMG Oy Ab

Esa Kailiala
APA

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report
To the Annual General Meeting of Sievi Capital Oyj
Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Sievi Capital Oyj (business identity code 0190457-0) for the year ended 31 December, 2020. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 7 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter

Investments measured at fair value through profit or loss (accounting policies for consolidated financial statements and notes 3, 13-15)

- Investments measured at fair value through profit or loss, totalling EUR 72.4 million, represent a significant part of the Group's total assets.

- At the financial year-end, the investments measured at fair value through profit or loss comprise unquoted shares in subsidiaries which are measured using generally accepted cash-flow based valuation models.
- Fair value changes arising from investments measured at fair value through profit or loss have a material impact on the company's result for the financial year and equity. Fair value measurement of investments also necessitates significant judgements by management, as there are no market quotes available for the investments held.
- In the consolidated financial statements fair value measurement of investments also results in a significant temporary difference between the carrying amounts of the assets and their tax bases. This difference has an impact on the amount of change in deferred taxes for the financial year recognized in profit or loss.
- Due to the factors referred to above, the investments measured at fair value through profit or loss are addressed as a key audit matter.

How the matter was addressed in the audit

Investments measured at fair value through profit or loss (accounting policies for consolidated financial statements and notes 3, 13-15)

- In respect of the unquoted shares in subsidiaries and associated companies, measured using cash-flow based valuation models, our audit procedures included assessment of the underlying key assumptions and testing of the technical accuracy of the models.
- We assessed key inputs in the calculations such as revenue growth, profitability and discount rate, by reference to the management approved budgets, external data sources and our own views. We assessed the historical accuracy of forecasts by comparing the actual cash flows with the original forecasts.
- With respect to sales and purchase transactions carried out during the financial year, we examined associated documents and assessed the recognition and disclosure of the transactions against applicable accounting standards.
- We considered whether deferred taxes recognized in the balance sheet, based on differences between the carrying amounts of the assets and their tax bases, together with their change recorded in profit or loss, are recognized and disclosed in accordance with applicable accounting standards.
- Finally, we considered the appropriateness of the notes on investments measured at fair value through profit or loss.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting since year 1999 and our appointment represents a total period of uninterrupted engagement of 22 years. Sievi Capital Oyj became a public interest entity on 25 April 2000. We have been the company´s auditors since it became a public interest entity.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 23 February 2021

KPMG OY AB

Esa Kailiala
Authorised Public Accountant, KHT

Shares and shareholders

At the end of the review period the number of Sievi Capital's shares was 57,974,409. The company did not own any treasury shares on 31 December 2020 or during the review period.

The registered share capital of the company at the end of the year was EUR 15,178,567.50. The company has one share class and each share entitles its holder to one vote. All shares carry equal rights to dividends.

Sievi Capital Plc's share "SIEVI" is listed on Nasdaq Helsinki. The shares are included in Euroclear Finland Ltd's book-entry system. The shares have been listed since 24 May 2000.

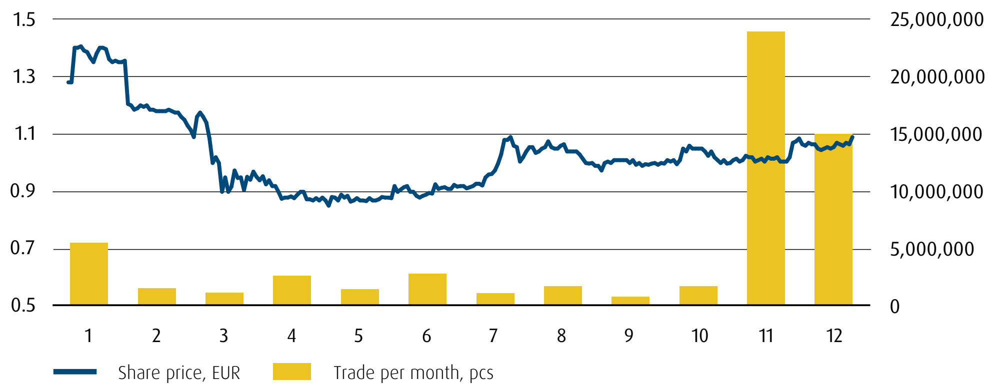
SHARE PRICE DEVELOPMENT, TRADE AND MARKET CAPITALISATION

The closing price of Sievi Capital's share at the end of 2019 was EUR 1.28. During the review period, the highest share price was EUR 1.45, the lowest was EUR 0.85 and the trade-weighted average price was EUR 1.05. At the end of the year, the closing price was EUR 1.08 and the market capitalisation was EUR 62.6 (73.7) million. The number of Sievi Capital's shares traded on Nasdaq Helsinki during 2020 was 58.6 (3.5) million, which accounted for 101.2% (6.0%) of all outstanding shares.

SHAREHOLDERS

On 31 December 2020, Sievi Capital had a total of 10,440 (2,650) shareholders. The ten largest registered shareholders owned 48.0% (91.8%) of the shares. Nominee-registered shares accounted for 6.4% (1.2%) of the shares. During the review period, the company received two flagging notifications concerning changes in holdings in Sievi Capital. Sievi Capital received a flagging notification from Jussi Capital Oy on 26 August 2020, in which the company announced that its holding had decreased below two thirds, and another flagging notification from the same company on 27 November 2020, in which the company announced its holding had decreased below 50 per cent.

SHARE PRICE AND TRADE VOLUME IN 2020



10 LARGEST REGISTERED SHAREHOLDERS ON 31 DECEMBER 2020

	Number of shares	% of shares and votes
Jussi Capital Oy	19,652,797	33.90
Laakkonen Mikko Kalervo	3,750,260	6.47
Takanen Martti Tapio	1,954,218	3.37
Hanhikoski Alexander Daniel	477,686	0.82
Takanen Sanna Johanna	428,891	0.74
Takanen Juha Petteri	421,191	0.73
Nordea Life Assurance Finland Ltd	358,500	0.62
Mininvest Oy	315,852	0.54
Ojala Harri Esa Uolevi	236,000	0.41
Kuusisto Teppo	204,000	0.35
10 largest registered shareholders, total	**27,799,395**	**47.95**

Shares and shareholders

SHARE DISTRIBUTION ON 31 DECEMBER 2020

Number of shares	Number of shareholders	% of share-holders	Number of shares	% of shares
1–100	1,332	12.76	73,105	0.13
101–500	2,524	24.18	792,441	1.37
501–1,000	2,182	20.90	1,893,116	3.27
1,001–5,000	3,442	32.97	8,638,142	14.90
5,001–10,000	557	5.34	4307,154	7.43
10,001–50,000	344	3.30	7140,562	12.32
50,001–100,000	36	0.35	2,494,068	4.30
100,001–500,000	17	0.16	3,837,683	6.62
500,001–	6	0.06	28,798138	49.67
Total	**10,440**	**100**	**57,974,409**	**100**
Nominee-registered	9		3,729,099	6.43
Number of shares issued			57,974,409	100

SHAREHOLDING BY SECTOR ON 31 DECEMBER 2020

Sector	Number of shareholders	% of share-holders	Number of shares	% of shares
Private companies	362	3.47	23,288,874	40.17
Financial and insurance institutions	12	0.12	4,140,584	7.14
Households	10,039	96.16	30,140,167	51.99
Non-profit organisations	10	0.1	67,406	0.12
Foreigners	17	0.16	337,378	0.58
Total	**10,440**	**100**	**57,974,409**	**100**
Nominee-registered			3,729,099	6.43
Number of shares issued			57,974,409	100

Information for shareholders

ANNUAL GENERAL MEETING 2021

Sievi Capital Plc's Annual General Meeting is scheduled for Thursday, 29 April 2021. A notice of the Annual General Meeting will be published later as a stock exchange release.

The Annual General Meeting resolves matters addressed to it on the Notice to the Annual General Meeting published according to the company's Articles of Association and on stock exchange release related to the Annual General Meeting as well as on the company's website www.sievicapital.fi.

THE PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The parent company's distributable funds on 31 December 2020 were EUR 38.0 million. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.04 per share be paid for the financial period ended on 31 December 2020.

SIEVI CAPITAL'S FINANCIAL INFORMATION IN 2021

- Financial Statements Release for 2020 on 24 February 2021
- Business Review for January–March 2021 on 29 April 2021
- Half-Year Report for January–June 2021 on 17 August 2021
- Business Review for January–September 2021 on 28 October 2021

IR CONTACT

Päivi Marttila
CEO
paivi.marttila@sievicapital.fi

Cover photo: Indineo, Pixabay. Photos of the Board: Aki Rask. Other photos: Jaakko Jaskari.
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Team

Sievi Capital has strengthened its team during 2020. From left: Tuomas Joensuu, Investment Manager; Päivi Marttila, CEO; Markus Peura, CFO; Paavo Pakkanen, Investment Director; Tiina Gröndahl, Executive Assistant and Tommi Rötkin, Investment Director.

Sievi Capital Plc
As of 1 April 2021:
Pohjoisesplanadi 33, Helsinki
(Visiting address Mikonkatu 1 B)
www.sievicapital.fi

Sievi Capital