



Results presentation H1/2023

17 August 2023

Presentation of the CEO

Lauri Veijalainen

Work history:

- CEO, KH Group & Indoor Group, 2023–
- CEO, East Office of Finnish Industries, 2019–2023
- Group CEO, Stockmann, 2016–2019
- Group CFO & Development Director, Stockmann, 2010–2016
- CFO, IKEA Russia & Ukraine, 2003–2010
- Finance Director, Skanska Russia, 1998–2003



Q2 summary

*Implementation of
change in strategy
continued as planned*

*Changes in
reporting
to meet the requirements for
a conglomerate*

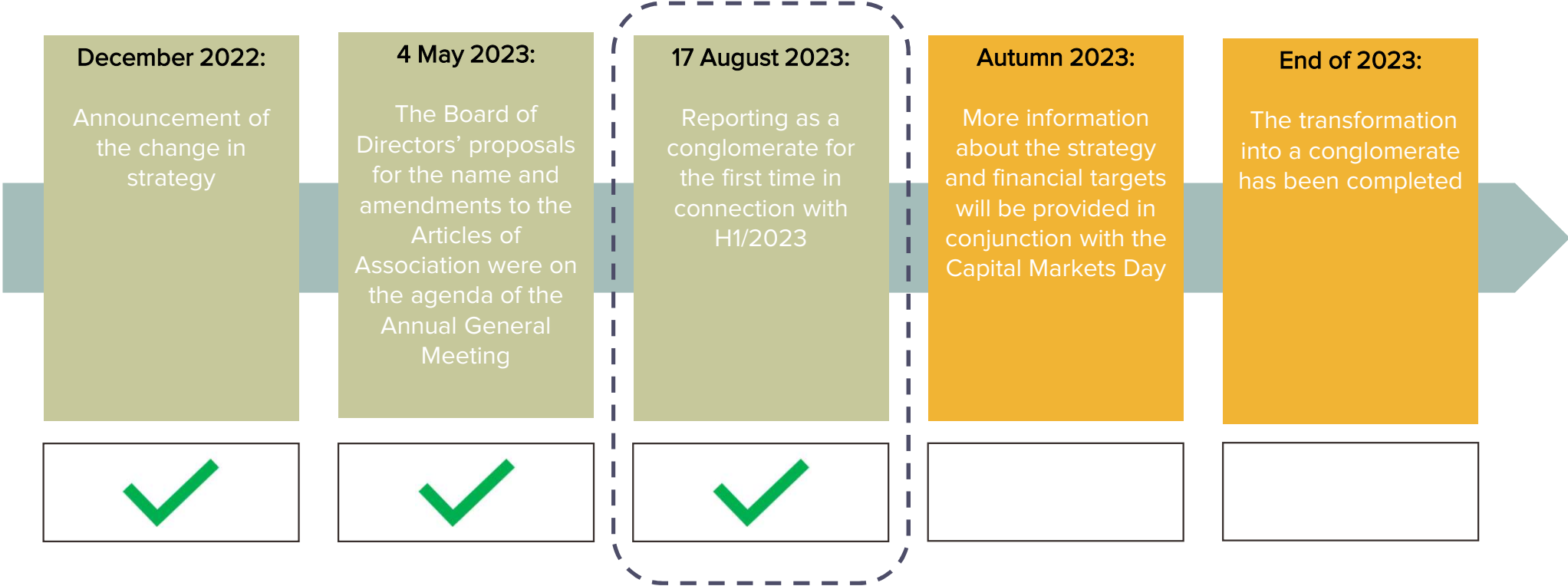
*Divestment of
Logistikas
completed in June*

*EUR 105.9 million
pro forma Q2 net sales
(EUR 116.1 million)*

*EUR 1.2 million
pro forma Q2 EBIT
(EUR 2.9 million)*

*EUR 441.3 million
pro forma
2022 net sales*

The transformation to a conglomerate is progressing as planned



Sievi Capital is now KH Group

- Sievi Capital's business name was changed to KH Group Plc by a decision of the Annual General Meeting held on 4 May 2023
- The trading code of the company's share was changed to KHG effective from 10 May 2023 (formerly SIEVI)
- The new name better reflects the change in strategy from a private equity investment company to a conglomerate and the company's development towards an industrial group

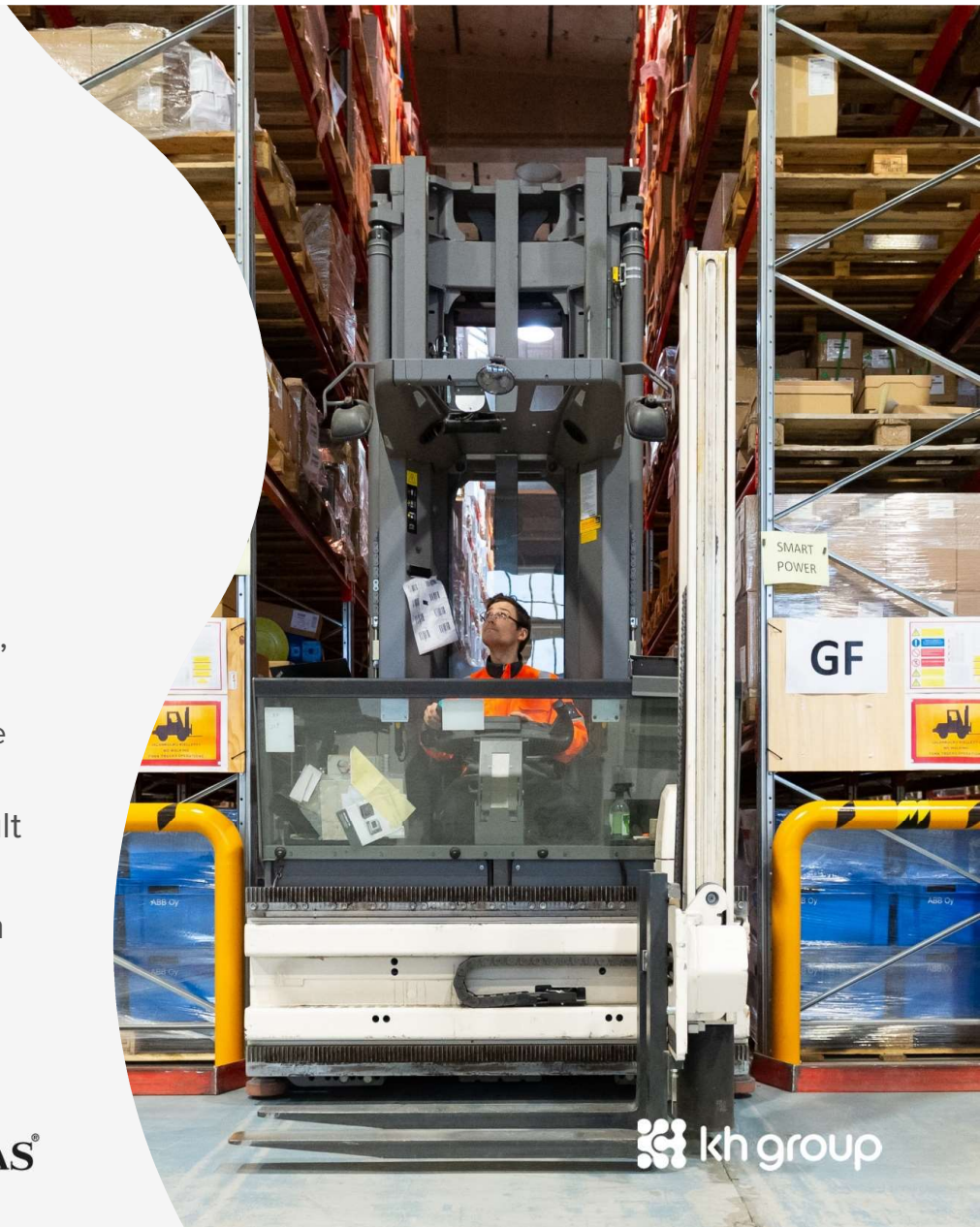
Sievi Capital



 **kh group**

Divestment of Logistikas was completed in June





- As part of the change in strategy, KH Group sold Logistikas to the Swedish company Logent
- KH Group's shareholding prior to the divestment was 66.5%
- The debt-free selling price was €23.5m
- KH Group's share of the selling price, after net debt and expenses, was approximately €11.9m
 - The proceeds were used to repay interest-bearing debt and invest in the change in strategy, among other purposes
- The transaction had a positive effect of €4.8m on KH Group's result for the financial period
- Logistikas is reported in the H1 review as a discontinued operation



KH Group has four business areas



- Net sales in 2022: **€441.3m**
- EBIT in 2022: **€12.2m**

Business area				
Sector	Construction and earth-moving machinery sales and rental	Furniture and interior decoration retail trading	Construction management	Manufacture of rescue vehicles
Net sales 2022, €m (IFRS)	194.5	192.2	23.1	31.5
EBIT 2022, €m (IFRS)	10.8	1.0	2.8	-0.2
Shareholding at the end of the period	90.7%	58.3%	91.7%	68.1%

Increased transparency through a change in reporting

- KH Group has changed its reporting model by transitioning from reporting as an IFRS investment entity to reporting based on consolidation line item by line item
- The change in reporting is part of KH Group's transformation into a conglomerate
- The new reporting approach increases transparency towards investors and other stakeholders
- For the sake of comparability, the figures in the presentation materials are based on pro forma figures that illustrate operational business performance

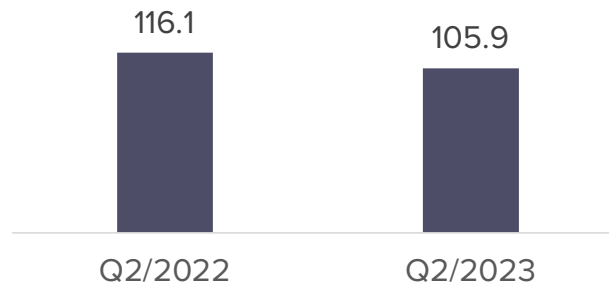


Consolidated pro forma net sales and EBIT declined year-on-year in Q2

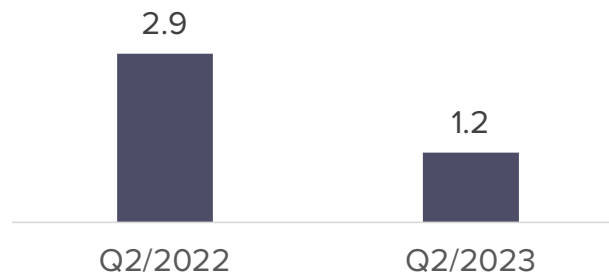
KH Group

- Net sales -9% and EBIT €-1.7m year-on-year
- Net sales and EBIT increased in HTJ and Nordic Rescue Group, and decreased in KH-Koneet and Indoor Group

Net sales, €m



Operating profit (EBIT), €m



Balance sheet and financial position at the end of Q2 – the divestment had a positive effect on the Group's financial position

KH Group

EUR 377.0 million

Balance sheet total

EUR 87.8 million

Equity

EUR 70.8 million

Net debt, excluding lease liabilities

EUR 26.4 million

Cash and cash equivalents

23.8%

Equity ratio

80.6%

Gearing, excluding lease liabilities

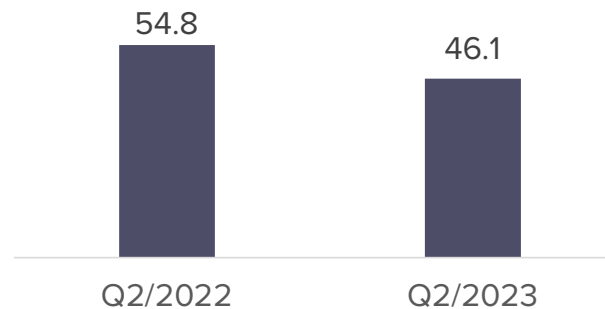
The market remained fair, supported by good demand for machinery leasing; cost savings have been carried out

KH-Koneet

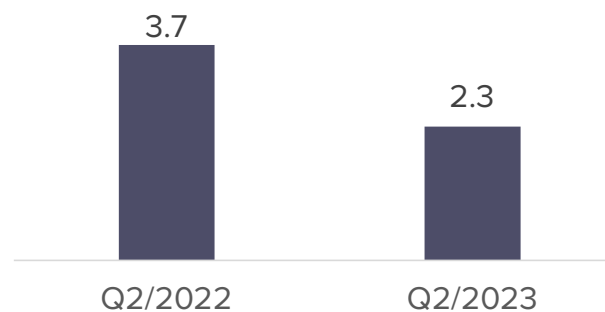


- Demand slowed in the machine dealership business, while leasing demand was at a good level
- Net sales -16% and EBIT €-1.4m year-on-year
 - Lower machine sales and exchange rates had a negative effect on net sales
 - Lower sales and higher purchase prices reduced EBIT
- Cost-saving efforts have been implemented
 - Efficiency improvement measures will continue
- Strategy work has been initiated to assess business growth areas and targets

Net sales, €m



Operating profit (EBIT), €m



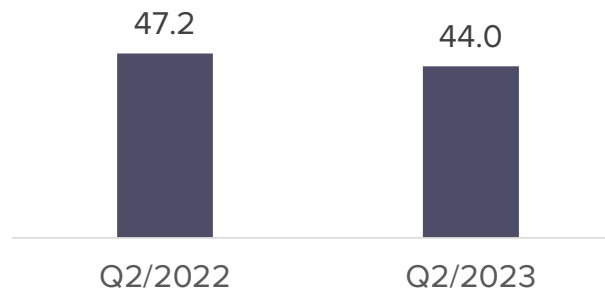
Q2 was another challenging quarter

Indoor Group

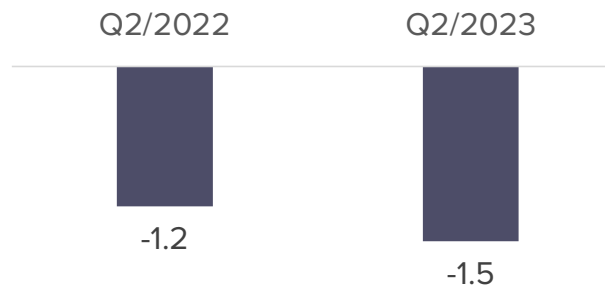


- The market situation and the demand environment remained challenging
- Asko's sales performance has involved more challenges than Sotka's
- Net sales -7% and EBIT €-0.3m year-on-year
 - The sales margin % improved
 - Fixed costs have been reduced
 - Decline in sales volume impacted EBIT
- Efficiency improvement measures will continue
 - The retail network is being optimised

Net sales, €m



Operating profit (EBIT), €m



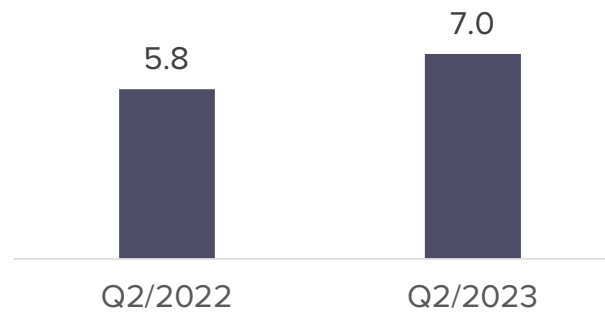
Steady performance in spite of the uncertainties in the market

HTJ

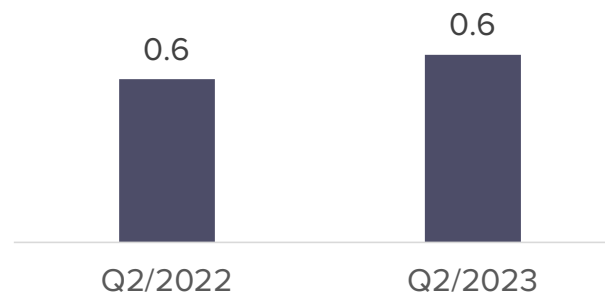
HTJ

- Uncertainty in the operating environment
 - HTJ's advantage is its focus on building renovation, infrastructure and industry
- Higher order book year-on-year
- Price competition has intensified
- Net sales +21% and EBIT +€0.1m year-on-year
 - Growth was supported by the expanded project portfolio, acquisitions and recruitment
 - Profit growth was reduced by the lower invoicing rate and higher fixed expenses
- Recruitment activity has continued

Net sales, €m



Operating profit (EBIT), €m



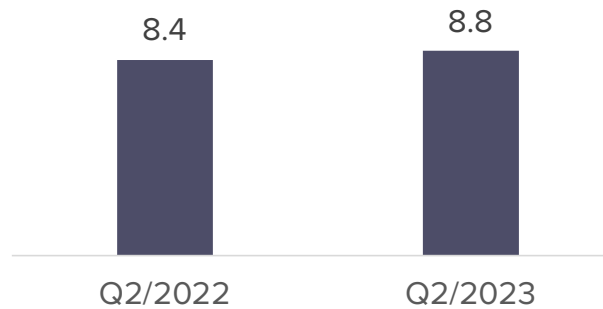
The business is on a healthy foundation in a stable demand environment

Nordic Rescue Group

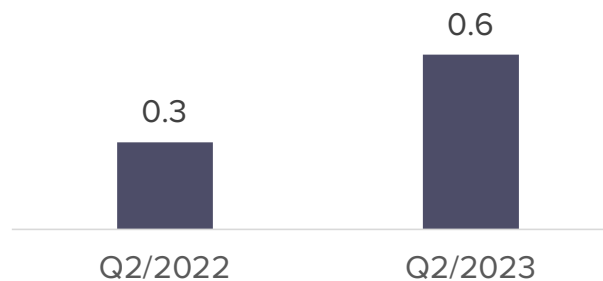


- Demand has remained stable
- Saurus and Sala increased their order books
- Net sales +5% and EBIT +€0.3m year-on-year
 - Delivery volumes have increased
 - Growth was achieved particularly in ladder trucks as well as the maintenance and spare parts business
- Agreement reached on changes to the financing agreement and follow-on investments of €1.5m during 2023–2024
 - KH Group's share is €0.75m
- The business is on a healthy foundation after ceasing the rescue lift operations

Net sales, €m



Operating profit (EBIT), €m



Implementation of the change in strategy will continue in H2

- KH Group has made progress as planned in implementing the change in strategy
- The measures to transition to a conglomerate model will continue in the second half of the year
- The development of the business areas will continue
- In many of the business areas, the focus is on efficiency improvement measures to strengthen profitability and cash flow
- KH Group will organise a Capital Markets Day before the end of 2023 to discuss its strategy and financial targets in more detail



