

# H1/2021



## Sievi Capital Plc Half-Year Report

January–June 2021  
17 August 2021



January-June 2021

## RECORD-BREAKING RESULT FOR THE FIRST HALF OF THE YEAR, INDOOR GROUP AND KH-KONEET GROUP SHOW STRONG DEVELOPMENT

### April-June 2021

- Operating profit was EUR 9.4 (2.1) million
- Net profit for the period was EUR 7.6 (1.6) million
- Earnings per share (undiluted and diluted) were EUR 0.13 (0.03)

### January-June 2021

- Operating profit was EUR 13.1 (-2.5) million
- Net profit for the period was EUR 11.0 (-2.1) million
- Earnings per share (undiluted and diluted) were EUR 0.19 (-0.04)
- Net asset value per share at the end of the review period was EUR 1.48 (1.13)
- Return on equity for rolling 12 months was 30.4% (10.9%)
- Gearing at the end of the review period was -5.7% (-18.8%)
- Logistikas and Nordic Rescue Group signed agreements on acquisitions
- Sievi Capital paid its shareholders dividends a total of EUR 0.04 per share

*Figures in parentheses are figures from the corresponding period in the previous year, unless indicated otherwise. Information in the Half-Year Report is unaudited. 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.*

### CEO Päivi Marttila:

“During the first half of 2021, strong development could be seen in our largest target companies Indoor Group and KH-Koneet Group. The companies successfully implemented their strategies and the results of both companies improved significantly in January-June compared to the comparison period. The financial development of Logistikas and Nordic Rescue Group, acquired last year, was not as strong during the review period, partly due to the challenges posed by their operating environments. Logistikas and Nordic Rescue Group also made good progress in implementing their strategies, and during the review period, both companies signed agreements on acquisitions to expand their business operations.

As a result of the good development of our largest target companies Indoor Group and KH-Koneet Group, the value development of our investments was very positive. Driven by changes in value of investments, Sievi Capital’s result for January-June was very strong and return on equity for rolling 12 months was 30.4%. I am very pleased with the results we have achieved.

The M&A market continued to be active. As for new investments becoming available, the usual pre-holiday season slowdown could be seen, but we believe activity will be at a good level in the coming months. Our target is to make investments in 1–2 new target companies per year and we trust that we are well placed for achieving this target this year, too.”

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## Target companies

### Indoor Group

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

Indoor Group's operating environment varied during the review period. Overall, the demand situation was good, but the coronavirus pandemic still affected the company's operating environment. In Estonia, the company's shops were closed for approximately seven weeks in the spring under a decision by the government but after the shops were re-opened, demand recovered quickly. The availability of products improved during the review period, but remained weaker than normal. Availability challenges and the increase in freight prices have also been reflected in the development of product purchase prices.

In January–June, the company's net sales grew by 9% from the comparison period. Net sales growth was particularly strong in the second quarter, driven by successful outdoor furniture sales. The strong growth of online sales continued: online sales accounted for more than 15% of sales during the review period. In January–June, Indoor Group's profitability improved clearly from the comparison period and its operating profit was 72% higher than in the corresponding period last year. A key factor behind good profitability development was the development of the gross margin percentage, which continued to improve in line with the company's targets. In March, Indoor Group paid dividends of EUR 4.7 million, of which Sievi Capital's share was EUR 2.7 million. The company's financial position at the end of the review period was strong.

Indoor Group has several ongoing strategic key projects, one of which is the renewal of the ERP system. The project proceeded as planned during the review period, and the new system will be deployed gradually during 2022. Other significant key projects that progressed during the review period include the development of online store operations as well as investments in production at the Insofa furniture factory. In online store development, the central aspects have been the improved use of customer data in marketing automation, for instance, and investments in customer acquisition. Insofa is currently investing in bed production, which will significantly increase the factory's capacity. Responsibility in all operations plays an important role in Insofa's development. Examples include the ongoing projects to improve waste sorting and to renew lighting to make it more energy-efficient.

### Indoor Group Holding Oy's key figures

EUR million	1-6/2021	1-6/2020	1-12/2020
Net sales	96.8	89.1	199.9
EBITDA <sup>(1)</sup>	16.4	14.1	34.6
EBIT <sup>(2)</sup>	7.3	4.3	15.3
EBITDA (FAS) <sup>(3)</sup>	7.6	5.7	17.3
Interest-bearing net debt at the end of the period <sup>(4)</sup>	70.4	73.9	69.3
Sievi Capital's holding at the end of the period	58.2%	58.6%	58.2%

*The key figures are consolidated IFRS figures. The half-year figures are unaudited.*

*(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)*

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(4) Interest-bearing net debt = interest-bearing debt - cash and cash equivalents and loan receivables. Interest-bearing debt on 30 June 2021 includes EUR 61.4 (66.5) 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.

The demand situation in the earth-moving machinery market developed positively during the review period and was at a good level during the second quarter. From the operating environment point of view, the challenges were the weaker availability of machinery and longer delivery times, which affected KH-Koneet Group's business operations. However, the company has coped well with these challenges.

In January–June, KH-Koneet Group's net sales grew by 45% from the comparison period. Net sales increased in both countries of operation, but the focus of growth was clearly in Sweden. In Sweden, the strong business growth was driven by the company's new representations agreed upon last year, good development in sales of the already represented products, and the rental business acquired in June 2020. Thanks to good net sales development, KH-Koneet Group's EBITDA improved by 66% during the first half of the year when compared to the comparison period. The relative profitability also improved, but its development was restricted by the significantly higher level of fixed costs resulting from the expansion of the Swedish business operations.

KH-Koneet Group continued to develop the Swedish business during the review period with several important recruitments and by opening a new office in Jönköping. In addition to investments in growth, operations have also been improved by deploying a new ERP system and centralising support functions. Business development has continued not only in Sweden but also in Finland. Additional investments have been made in after sales activities, for instance, where the company sees clear growth potential. During the review period, the company also signed an agreement on starting the import of Ljungby wheel loaders into Finland and will continue to evaluate the addition of complementary representations into its sales portfolio.

## KH-Koneet Group Oy's key figures

EUR million	1-6/2021	1-6/2020	1-12/2020
Net sales	73.7	50.9	120.5
EBITDA <sup>(1)</sup>	3.9	2.3	6.4
EBITA <sup>(2)</sup>	3.2	2.0	5.4
Interest-bearing net debt at the end of the period <sup>(3)</sup>	18.2	19.9	18.5
Sievi Capital's holding at the end of the period	66.4%	67.1%	66.4%

The key figures are consolidated FAS (Finnish Accounting Standards) figures. The half-year figures are unaudited.

(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

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## Logistikas

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

Logistikas' operating environment was challenging during the first half of the year. The challenges of global container traffic affected the demand for the company's services and made it more difficult to anticipate customers' needs. In addition, the coronavirus pandemic complicated the operations of the company's customers, which also had impacts on the demand for the company's services. However, the operating environment improved clearly towards the end of the review period and the new customer acquisition activity also developed positively.

During the review period, Logistikas' net sales decreased by 14% from the comparison period's pro forma level. The decline in the net sales was caused by the termination of a single significant procurement services customer relationship in spring 2020. In January–June, the net sales of logistics services continued to grow despite market disruptions. The company's relative profitability improved, but its EBITDA decreased by EUR 0.1 million from the comparison period's pro forma level.

In June, Logistikas Oy signed an agreement to acquire two Vaasa-based companies Piccolo Packing Oy and Piccolo Solutions Oy. With the acquisition, Logistikas expanded into the Vaasa region, thus strengthening its geographical presence and its ability to better serve new and existing customers. The acquired companies provide services related to in-house logistics, local storage and packaging mainly in the Vaasa region. The companies employ about 60 people and their customer base consists of long-term customers in the technology industry. The companies' total net sales in 2020 were approximately EUR 7.5 million and EBITDA was approximately EUR 0.9 million. The acquisition took place after the review period, in July. As part of the arrangement, Logistikas directed a share issue to Piccolo Group Oy, which acted as the seller in the transaction, and as a result, Sievi Capital's holding in Logistikas decreased to 65.9% after the completion of the transaction.

## Logistikas Oy's key figures

EUR million	1-6/2021	1-6/2020	1-12/2020
Net sales	9.0	10.5	20.0
EBITDA <sup>(1)</sup>	0.6	0.7	2.3
EBITA <sup>(2)</sup>	0.4	0.6	2.0
Interest-bearing net debt at the end of the period <sup>(3)</sup>	1.6	-	2.3
Sievi Capital's holding at the end of the period <sup>(4)</sup>	69.0%	-	70.0%

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

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

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

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

*(4) Including also shares for which registration was pending at the end of the period*

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## Nordic Rescue Group

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

The demand for Nordic Rescue Group's products was reasonably stable during the review period. However, the company's operating environment was challenging due to the availability and delivery time challenges related to truck chassis and several components, which complicated the company's production planning and slowed down the delivery of products to customers. The company's order book was considerably higher year-on-year at the end of the review period, with one of the contributing factors being the acquisition made during the review period.

In January–June, Nordic Rescue Group's net sales decreased by 7% from last year's pro forma level. Net sales development was affected by the postponement of several deliveries planned for the review period. Net sales during the review period was increased by EUR 2.2 million by the sale of certain assets transferred to the company in the acquisition, which had no impact on margin. With the fall in net sales, the company's EBITDA for the first half of the year decreased significantly from the pro forma level in the comparison period and was negative. In addition to net sales development, factors contributing to the weak result included extraordinary expenses during the review period related to the move of Vema Lift as well as warranty repairs related to certain deliveries made before the establishment of Nordic Rescue Group.

In June, Nordic Rescue Group acquired the entire share capital of Swedish Sala Brand AB. With the acquisition, Nordic Rescue Group expanded its operations into Sweden and became a leading Nordic rescue and fire vehicle group. Sala Brand, founded in 1978, is a manufacturer of fire vehicles, whose main market is Sweden. In addition to the production of its own vehicles, the company also provides maintenance services and represents two major European suppliers in Sweden, Rosenbauer and Magirus. The company's premises are in Sala, Västmanland, and it employs approximately 30 employees. Key personnel will continue to work for the company after the transaction. Sala Brand's net sales in 2020 were SEK 163 million. As part of the financing of the transaction, Nordic Rescue Group organised a share issue to its owners and Sala Brand's former owner in connection with the arrangement. In the share issue, Sievi Capital made a follow-on investment of approximately EUR 2.5 million and Sievi Capital's holding in Nordic Rescue Group decreased to 67.9% after the share issue.

## Nordic Rescue Group Oy's key figures

EUR million	1-6/2021	1-6/2020	1-12/2020
Net sales	15.1	16.3	29.8
EBITDA <sup>(1)</sup>	-0.7	1.1	1.7
EBITA <sup>(2)</sup>	-0.9	0.8	1.4
Interest-bearing net debt at the end of the period <sup>(3)</sup>	8.7	9.0	7.8
Sievi Capital's holding at the end of the period	67.9%	72.5%	69.9%

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

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

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

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

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## Result of investment activities

Sievi Capital's operating profit for January–June was EUR 13.1 (-2.5) million and its net profit for the period amounted to EUR 11.0 (-2.1) million. Earnings per share (undiluted and diluted) were EUR 0.19 (-0.04), return on capital employed for rolling 12 months was 36.0% (13.2%) and return on equity for rolling 12 months was 30.4% (10.9%).

Interest and dividend income for the review period totalled EUR 2.8 (0.0) million. Interest and dividend income consisted mainly of the EUR 2.7 million dividend from Indoor Group.

Changes in value of investments amounted to EUR 11.6 (-1.7) million, of which realised profits/losses and expenses of investments accounted for EUR 0.0 (0.0) million and unrealised changes in fair values for EUR 11.6 (-1.7) million. Of the unrealised changes in fair values of investments of the review period, the most significant was the EUR 10.7 million positive change in fair value of the Indoor Group investment. The change in fair value was a result of the company's continued strong development. The values of other private equity investments also increased. The value development of the Nordic Rescue Group investment was influenced by a EUR 2.5 million follow-on investment during the review period. When adjusted with its impact, the investment value development was negative.

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 1.2 (0.8) million.

## Investment distribution and net asset value

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

During the review period, the value of private equity investments increased by EUR 14.1 million to EUR 86.5 million (6/2020: EUR 55.1 million and 12/2020: EUR 72.4 million). In addition to changes in value of investments, another factor contributing to the increase in the total value of private equity investments from the end of 2020 was the EUR 2.5 million follow-on investment in Nordic Rescue Group.

Sievi Capital's net asset value per share on 30 June 2021 was EUR 1.48 (6/2020: EUR 1.13 and 12/2020: EUR 1.33). The change in the net asset value resulted from the net profit for the period and the dividend paid during the review period, EUR 0.04 per share.

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## Distribution of investments and net asset value

EUR million	30 June 2021	%	30 June 2020	%	31 Dec. 2020	%
<b>Private equity investments</b>						
Indoor Group Holding Oy	52.1	60.6%	28.6	43.8%	41.5	53.6%
KH-Koneet Group Oy	18.8	21.9%	16.1	24.6%	17.0	22.0%
Logistikas Oy	6.3	7.4%	-	-	6.1	7.9%
Nordic Rescue Group Oy	9.2	10.8%	7.7	11.8%	7.9	10.2%
Suvanto Trucks Oy	-	-	2.8	4.3%	-	-
<b>Private equity investments, total</b>	<b>86.5</b>	<b>100.6%</b>	<b>55.1</b>	<b>84.5%</b>	<b>72.4</b>	<b>93.7%</b>
Cash and cash equivalents and other financial assets	5.2	6.0%	12.3	18.9%	8.6	11.1%
Deferred tax liabilities and assets, total	-6.5	-7.5%	-2.2	-3.4%	-4.4	-5.7%
Other liabilities, receivables and assets, total	0.8	0.9%	0.0	0.0%	0.7	0.9%
<b>Total net asset value</b>	<b>86.0</b>	<b>100.0%</b>	<b>65.3</b>	<b>100.0%</b>	<b>77.3</b>	<b>100.0%</b>
<b>Net asset value per share (EUR)</b>	<b>1.48</b>		<b>1.13</b>		<b>1.33</b>	

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

## Financial position and cash flow

Sievi Capital's balance sheet total on 30 June 2021 was EUR 95.0 (68.7) million. Equity ratio was 90.5% (95.0%) and gearing was -5.7% (-18.8%).

Net cash flow from operating activities amounted to EUR -1.0 (-9.1) million, net cash flow from investing activities to EUR 0.0 (0.0) million and net cash flow from financing activities to EUR -2.4 (-11.4) million. The change in net cash flow from operating activities when compared to the comparison period was mainly due to the fact that no new initial investments were made during the review period. In net cash flow from financing activities, the most significant item was the dividends paid during the review period.

## Personnel

During the review period, Sievi Capital had an average of 6 (5) employees.

## Shares, shareholders and share price development

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



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

On 30 June 2021, Sievi Capital had a total of 12,870 (4,801) shareholders. During the review period, Sievi Capital received four flagging notifications. Three flagging notifications were received from Jussi Capital Oy: on 11 February 2021 about their total holding in Sievi Capital Plc having decreased below thirty per cent (30%), on 12 March 2021 about their holding having decreased below twenty-five per cent (25%) and on 24 March 2021 about their holding having decreased below five per cent (5%). On 24 March 2021, Sievi Capital received a flagging notification announcing that Preato Capital AB's total holding in Sievi Capital Plc had crossed the threshold of twenty per cent (20%).

The closing price of Sievi Capital's share at the end of 2020 was EUR 1.08. During the review period, the highest share price was EUR 1.58, the lowest was EUR 1.06 and the average price was EUR 1.23. At the end of the review period, the closing price was EUR 1.53 and the market capitalisation was EUR 88.7 (52.8) million. The number of Sievi Capital's shares traded on Nasdaq Helsinki during the review period was 49.4 (14.6) million, which accounted for 85.1% (25.2%) of all outstanding shares on average.

## Share-based incentive schemes

On 27 January 2021, Sievi Capital Plc's Board of Directors decided on the launch of a new plan as part of the company's performance-based share scheme. The performance period of the LTI 2021–2023 plan started on 1 January 2021 and the award of shares, if any, will take place in spring 2024, provided that the performance targets for the plan set by the Board of Directors are achieved. The performance targets applied to the plan are based on Sievi Capital's average return on equity. There 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).

Sievi Capital's 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. Sievi Capital announced the establishment of its performance-based share scheme on 6 March 2020.

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

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

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

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

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

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

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

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

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

The company risk of private equity investments consists of, among other things, risks associated with the target companies' market and competitive situations as well as the target companies' strategic risks, operational risks and financial risks, with material risks including, for instance, liquidity and interest rate risks. The private equity investments made by the company are significant in size and at the end of the review period, the company had private equity investments in a total of 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

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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.

## Events after the review period

In July, after the end of the review period, Sievi Capital published a stock exchange release about Päivi Marttila leaving her position as the CEO of the company. Päivi Marttila will for the time being continue in her position until her successor will start, however no later than until 31 December 2021. The Board of Directors of the company has begun the search process for a new CEO.

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Sievi Capital

Helsinki, 16 August 2021

Sievi Capital Plc

Board of Directors

## Tables

### Accounting principles

Sievi Capital's Half-Year Report has been prepared in compliance with the IAS 34 standard. The Half-Year Report has been prepared following the same accounting principles as in the financial statements 2020.

### Alternative Performance Measures

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

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## Consolidated statement of comprehensive income, IFRS

EUR million	1-6/2021	1-6/2020	1-12/2020
Interest and dividend income, total	2.8	0.0	3.2
Realised profits/losses & expenses of investments	0.0	0.0	-2.9
Unrealised changes in fair values of investments	11.6	-1.7	13.0
Changes in value of investments, total	11.6	-1.7	10.1
Operating expenses	-1.2	-0.8	-1.6
<b>Operating profit</b>	<b>13.1</b>	<b>-2.5</b>	<b>11.7</b>
Financial income	0.0	0.0	0.0
Financial expenses	0.0	-0.1	-0.1
<b>Profit before taxes</b>	<b>13.1</b>	<b>-2.6</b>	<b>11.6</b>
Income taxes	-2.1	0.5	-1.7
<b>Net profit for the period</b>	<b>11.0</b>	<b>-2.1</b>	<b>9.9</b>
<b>Distribution of the net profit for the period</b>			
To equity holders of the parent company	11.0	-2.1	9.9
Earnings per share, undiluted	0.19	-0.04	0.17
Earnings per share, diluted	0.19	-0.04	0.17

# H1/2021 Half-Year Report

January-June 2021

## Consolidated balance sheet, IFRS

EUR million	30 June 2021	30 June 2020	31 Dec. 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	0.0	0.0	0.0
Right-of-use assets	0.3	0.0	0.0
Investments at fair value through profit or loss	86.5	55.1	72.4
Non-current receivables	0.0	0.2	0.0
Deferred tax assets	1.9	0.9	1.4
<b>Non-current assets, total</b>	<b>88.7</b>	<b>56.3</b>	<b>73.9</b>
<b>Current assets</b>			
Accrued income and other receivables	1.1	0.0	1.0
Cash and cash equivalents	5.2	11.7	8.6
Other financial assets	0.0	0.6	0.0
<b>Current assets, total</b>	<b>6.3</b>	<b>12.4</b>	<b>9.6</b>
<b>Assets, total</b>	<b>95.0</b>	<b>68.7</b>	<b>83.5</b>
<b>Shareholders' equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	15.2	15.2	15.2
Reserve for invested unrestricted equity	12.9	12.9	12.9
Retained earnings	57.9	37.2	49.2
<b>Total equity</b>	<b>86.0</b>	<b>65.3</b>	<b>77.3</b>
<b>Non-current liabilities</b>			
Lease liabilities	0.2	0.0	0.0
Deferred tax liabilities	8.3	3.1	5.8
Other liabilities	0.0	0.0	0.0
<b>Non-current liabilities, total</b>	<b>8.5</b>	<b>3.1</b>	<b>5.8</b>
<b>Current liabilities</b>			
Lease liabilities	0.1	0.0	0.0
Trade and other liabilities	0.4	0.3	0.4
<b>Current liabilities, total</b>	<b>0.5</b>	<b>0.3</b>	<b>0.4</b>
<b>Shareholders' equity and liabilities, total</b>	<b>95.0</b>	<b>68.7</b>	<b>83.5</b>

# H1/2021 Half-Year Report

Sievi Capital

January-June 2021

## Consolidated cash flow statement, IFRS

EUR million	1-6/2021	1-6/2020	1-12/2020
<b>Cash flow from operating activities</b>			
Net profit for the period	11.0	-2.1	9.9
Adjustments to the net profit for the period			
Taxes	2.1	-0.5	1.7
Other adjustments	-14.3	1.8	-13.1
Changes in working capital			
Changes in liabilities	0.0	0.0	0.1
Changes in receivables	0.0	0.0	0.0
Purchase of investments	-2.5	-8.3	-14.8
Proceeds from and expenses related to sale of investments	0.0	0.0	-0.1
Repayment of loan receivables	0.0	0.0	0.2
Interest received	0.0	0.0	0.0
Financial expenses paid	0.0	0.0	0.0
Dividends received	2.7	0.0	3.2
Taxes paid	0.0	0.0	0.0
<b>Net cash flow from operating activities</b>	<b>-1.0</b>	<b>-9.1</b>	<b>-12.8</b>
<b>Cash flow from investing activities</b>			
Investments in tangible and intangible assets	0.0	0.0	0.0
<b>Net cash flow from investing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash flow from financing activities</b>			
Investments in other financial assets	0.0	-21.3	-23.6
Sale of other financial assets	0.0	20.6	23.5
Repayment of long-term loans	0.0	0.0	0.0
Repayment of lease liabilities	0.0	0.0	0.0
Share issue	0.0	0.2	0.2
Dividends paid	-2.3	-11.0	-11.0
<b>Net cash flow from financing activities</b>	<b>-2.4</b>	<b>-11.4</b>	<b>-10.9</b>
<b>Change in cash and cash equivalents</b>	<b>-3.4</b>	<b>-20.5</b>	<b>-23.7</b>
Cash and cash equivalents at the beginning of the period	8.6	32.3	32.3
<b>Cash and cash equivalents at the end of the period</b>	<b>5.2</b>	<b>11.7</b>	<b>8.6</b>



January-June 2021

## Consolidated statement of changes in equity, IFRS

EUR million

Equity attributable to equity holders of the parent company	1-6/2021	1-6/2020	1-12/2020
<b>Equity at the beginning of the period</b>	<b>77.3</b>	<b>78.1</b>	<b>78.1</b>
Share capital	15.2	15.2	15.2
Reserve for invested unrestricted equity	12.7	12.7	12.7
Retained earnings	49.2	50.2	50.2
<b>Changes during the period</b>			
Total comprehensive income	11.0	-2.1	9.9
Share issue	0.0	0.2	0.2
Dividends paid	-2.3	-11.0	-11.0
Share-based incentive schemes	0.0	0.0	0.1
<b>Equity at the end of the period</b>	<b>86.0</b>	<b>65.3</b>	<b>77.3</b>

## Fair value hierarchies

Hierarchy levels, EUR million	Level 1	Level 2	Level 3	Total
<b>30 June 2021</b>				
Private equity investments			86.5	86.5
<b>Levels, total</b>			<b>86.5</b>	<b>86.5</b>
<b>31 Dec. 2020</b>				
Private equity investments			72.4	72.4
<b>Levels, total</b>			<b>72.4</b>	<b>72.4</b>

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.

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.

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

## Level 3 specification

EUR million	1-6/2021	1-6/2020	1-12/2020
<b>Private equity investments</b>			
Balance at the beginning of the period	72.4	48.5	48.5
Changes in value	11.6	-1.7	13.0
Purchases	2.5	8.3	14.8
Sale			-3.8
<b>Balance at the end of the period</b>	<b>86.5</b>	<b>55.1</b>	<b>72.4</b>
<b>Fair values at the end of the period</b>	<b>86.5</b>	<b>55.1</b>	<b>72.4</b>

## Sensitivity analysis of level 3 investments 30 June 2021

Investment category	Fair value 30 June 2021, 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	86.5	Discounted cash flows	Discount rate (WACC)	11.6%	-8.9/+10.6
			Terminal growth	0.0%	+5.7/-4.8
			Forecast period's (5 y.) net sales growth p.a.	3.2%	+4.6/-4.4
			Forecast period's (5 y.) EBITDA % <sup>(1)</sup>	7.5%	+8.3/-8.3

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

## Sensitivity analysis of level 3 investments 31 December 2020

Investment category	Fair value 31 Dec. 2020, EUR million	Valuation model	Unobservable inputs	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 % <sup>(1)</sup>	7.3%	+7.1/-7.1

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

## Transactions with related parties

EUR million	1-6/2021	1-6/2020	1-12/2020
<b>Related party transactions</b>			
Share issue for cash to the management	-	0.2	0.2

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.

## Contingent liabilities

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

January-June 2021

## Key indicators

EUR million	1-6/2021	1-6/2020	1-12/2020
Return on equity, %, rolling 12 months	30.4%	10.9%	12.7%
Return on capital employed, %, rolling 12 months	36.0%	13.2%	15.0%
Gearing, %	-5.7%	-18.8%	-11.1%
Equity ratio, %	90.5%	95.0%	92.6%
Personnel, average	6	5	5
Earnings per share, EUR, undiluted	0.19	-0.04	0.17
Earnings per share, EUR, diluted	0.19	-0.04	0.17
Shareholders' equity per share, EUR	1.48	1.13	1.33
Lowest share price, EUR	1.06	0.85	0.85
Highest share price, EUR	1.58	1.45	1.45
Share price at the end of the period, EUR	1.53	0.91	1.08
Market capitalisation at the end of the period, EUR million	88.7	52.8	62.6
Number of shares at the end of the period, 1,000	58,079	57,974	57,974
Average number of shares, undiluted, 1,000	58,022	57,886	57,930
Average number of shares, diluted, 1,000	58,112	57,892	57,951

## Calculation of key indicators

### EUR million

Return on equity, %	$\frac{\text{Net profit for the period (rolling 12 months)} \times 100}{\text{Shareholders' equity (average)}}$
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The return on equity (ROE) percentage indicates how much return the company is able to generate on the assets invested in it by its owners. It is one of the company's financial targets and an important indicator of the company's success.

Return on capital employed, %	$\frac{(\text{Profit before taxes} + \text{financial expenses}) (\text{rolling 12 months}) \times 100}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average)}}$
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The return on capital employed (ROCE) percentage indicates how much return the company is able to generate before taxes with the sum of equity and interest-bearing debt. It complements return on equity as an indicator of the company's success.

January–June 2021

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

*Gearing indicates the ratio of interest-bearing net debt to equity. It gives an idea of the company's capital structure and financial leeway and is one of the company's financial targets.*

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

*The equity ratio indicates the share of own assets (equity) in the total assets of the company. It gives an idea of the company's financial leeway, among other things.*

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

Shareholders' equity per share <sup>(2)</sup> 
$$\frac{\text{Equity}}{\text{Number of shares at the end of the period}}$$

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

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

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*(1) Includes loans from financial institutions and lease liabilities*

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

## Sievi Capital's Business Review for January–September will be published on 28 October 2021

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