

# Contemplated combination between Sievi Capital and Boreo - FAQ

## Preparation and progress of the contemplated combination

### Why are Sievi Capital and Boreo planning to combine?

The boards of directors of Boreo and Sievi Capital have looked into the possibility to combine the two companies. Based on preliminary analyses, the boards of both companies believe that the contemplated combination would create strong financial conditions for growth and for increasing the future company's shareholder value. This would benefit the shareholders of both Sievi Capital and Boreo, who would become shareholders in the future company.

### What synergy and efficiency benefits will the contemplated combination bring?

The contemplated combination would create even better conditions for the utilisation of best practices, synergies between the businesses and a stronger offering to the customers, clients and other stakeholders of the future company. In addition, the aim is to organise the financing required by the businesses primarily on the group level in order to achieve financing synergies.

### Who is responsible for preparing the combination and who will decide on its implementation?

The preparation was carried out by board members who are independent of the largest owner of both companies (Preato Capital AB). The representatives of Preato Capital AB did not participate in the preparation or decision-making concerning the contemplated combination in the boards of Sievi Capital or Boreo. However, Preato Capital AB has given its preliminary support for the arrangement. If the boards of Sievi Capital and Boreo agree on the conditions for the contemplated combination, the shareholders of both companies would decide on the combination at their extraordinary general meetings.

### **Sievi Capital and Boreo have signed a letter of intent. What does it mean?**

The letter of intent specifies the preconditions for assessing the contemplated combination. The letter of intent does not obligate the parties to complete the arrangement.

### **Is the combination of Sievi Capital and Boreo certain?**

The companies have signed a letter of intent that specifies the preconditions for assessing the contemplated combination. The letter of intent does not obligate the parties to complete the arrangement. The completion of the contemplated combination requires, among other things, that mutual due diligence reviews be conducted and accepted and the parties reach an agreement on the legal procedure of completing the contemplated combination and the related combination agreement and other transaction agreements. The combination also requires sufficiently wide approval among the shareholders of Sievi Capital and Boreo and the necessary official authorisations.

### **What is the contemplated combination process like and what will happen next?**

As stated in the stock exchange release on 18 August 2021, the objective of the companies is to sign the binding combination and transaction agreements in September 2021. Before this, the parties will carry out the necessary due diligence and other surveys, negotiate on the manner of completing the combination and prepare the binding combination and other transaction agreements. If the parties reach an agreement on the contemplated combination, the process depends on the legal procedure of completing the contemplated combination.

## **Effects of the potential future company**

### **Would the future company be a private equity investment company like Sievi Capital or a group that grows through acquisitions like Boreo?**

The strategy of the future company would be based on Boreo's strategy and business model. In other words, it would be a group that grows through acquisitions like Boreo. The future company would act as a growth platform for its companies and employees, create growth through acquisitions and focus on operational efficiency and long-term shareholder value creation.

### **If the two companies combine, will Sievi Capital's target companies remain independent?**

The future company's strategy would be based on Boreo's current strategy, taking into account the new entity's business operations and strengths. To enable an improvement of operative efficiencies and to ensure the commitment of and incentives for key persons, the parties intend to assess the possibility of harmonising the ownership structures of Sievi's target companies in connection with the contemplated combination.

## How will Sievi Capital's investment activities continue during the combination negotiations?

Sievi Capital's investment activities will continue normally, i.e., new investments are sought and analysed, and acquisitions are negotiated. The aim is still to make a couple of new investments per year.

## Conditions for the contemplated combination

**According to the stock exchange release of 18 August 2021, the starting point for the negotiations is that the shareholders of Sievi Capital would own 40% of the future company and the shareholders of Boreo 60%. What is this conversion rate based on and is it in the best interests of the shareholders of both companies?**

The conversion rate used at the negotiations – similarly to other preliminary information released concerning the contemplated combination – is based on negotiations between members of the board who are independent of the main owner and their advisors. The contemplated combination would create strong financial conditions for growth and for increasing the future company's shareholder value, which would benefit the shareholders of both Sievi Capital and Boreo.

**According to the stock exchange release published on 18 August 2021, the proposed conversion rate would include a 42.1% premium for Sievi Capital's shareholders compared to the closing price of the company's share on 17 August 2021. Is this good enough to be approved by shareholders?**

We consider the contemplated combination to be very good for the shareholders of Sievi Capital in the long term. Using the one (1) month volume-weighted average price of the companies up to 17 August 2021, the premium is 24.0%, and with the three (3) month volume-weighted average prices up to 17 August 2021, it is 16.8%. With six (6) month volume-weighted average prices, the premium is 12.6%.

**How was the 42.1% premium for Sievi Capital's shareholders that is based on the closing price of the company's share on 17 August 2021 calculated?**

The premium was calculated by proportioning the share of Sievi Capital's shareholders, at the planned conversion rate, in the total closing price of the companies' shares on 17 August 2021, to the closing price of Sievi Capital's share on 17 August 2021. The formula is as follows:

- $\text{Share of Sievi's shareholders in the future company} \times (\text{Sievi Capital's market value on 17 August 2021} + \text{Boreo's market value on 17 August 2021}) / \text{Sievi Capital's market value on 17 August 2021} - 1$
- i.e.,  $40\% \times (\text{EUR } 119,352,129 + \text{EUR } 304,609,500) / \text{EUR } 119,352,129 - 1 = 42.1\%$

### How are the premiums that are based on the volume-weighted average prices and referred to in the 18 August 2021 stock exchange release calculated?

The premiums are calculated as described in the answer to the previous question, but instead of the market value on 17 August 2021, the volume-weighted average prices for each period are used as the basis of the calculation.

For example, the one-month volume-weighted average market value of Sievi Capital was approximately EUR 1.76 and Boreo's approximately EUR 82.29. The corresponding market values at these rates were EUR 102,063,313 and EUR 214,239,393, respectively, and the premium in relation to the one-month volume-weighted average was 24.0%:

- $40\% \times (\text{EUR } 102,063,313 + \text{EUR } 214,239,393) / \text{EUR } 102,063,313 - 1 = 24.0\%$

### Is the conversion rate used at the negotiations in the best interests of Sievi Capital's shareholders?

The terms are good for the shareholders of Sievi Capital at the stage of the letter of intent – that is, according to preliminary surveys. We will now continue to analyse the preconditions of the contemplated combination and verify our views according to the normal process, including with the help of independent experts.

### Are the terms and conditions agreed upon in the letter of intent final?

On 18 August 2021, the parties signed a letter of intent that was used as the starting point of analysing and verifying the conditions of the contemplated combination. At the moment, due diligence reviews and negotiations on the combination and other transaction agreements are in progress, as per normal procedure, and the boards of the two companies will assess the contemplated combination on the basis of these. If the boards of Sievi Capital and Boreo agree on the conditions for the contemplated combination, the shareholders of both companies would decide on the combination at their extraordinary general meetings.

## Communication about the contemplated combination

### Why was the contemplated combination announced when the letter of intent was signed on 18 August 2021 and not in connection with the combination agreement?

The parties announced the contemplated combination at the time of signing the letter of intent, because the preparation involves various stakeholders.

### **Why was no press conference held for analysts, investors and the media on the letter of intent to answer questions about the contemplated combination?**

In recent mergers on the Helsinki Stock Exchange (such as Cargotec-Konecranes or Valmet-Neles), information has typically been provided at the time of the signing of the binding merger agreement, including a press conference for possible questions. If Sievi Capital and Boreo reach an agreement on the conditions for the contemplated combination and sign the combination agreement, they will hold press conferences to answer questions about the proposed combination, as per market practice.

### **Why have you not released more information concerning the preparation?**

We have only signed the letter of intent at this stage. The process will continue with further analyses and verification, as per normal procedure. We can release the detailed terms and conditions of the contemplated combination after we have made the combination agreement.

### **Why has the legal form of the contemplated combination not been disclosed yet?**

The boards of directors of the companies are still assessing certain aspects regarding the most appropriate legal procedure of completing the contemplated combination. Based on our estimates, the choice of legal form will not affect the main conditions for the contemplated combination that have been released so far.