

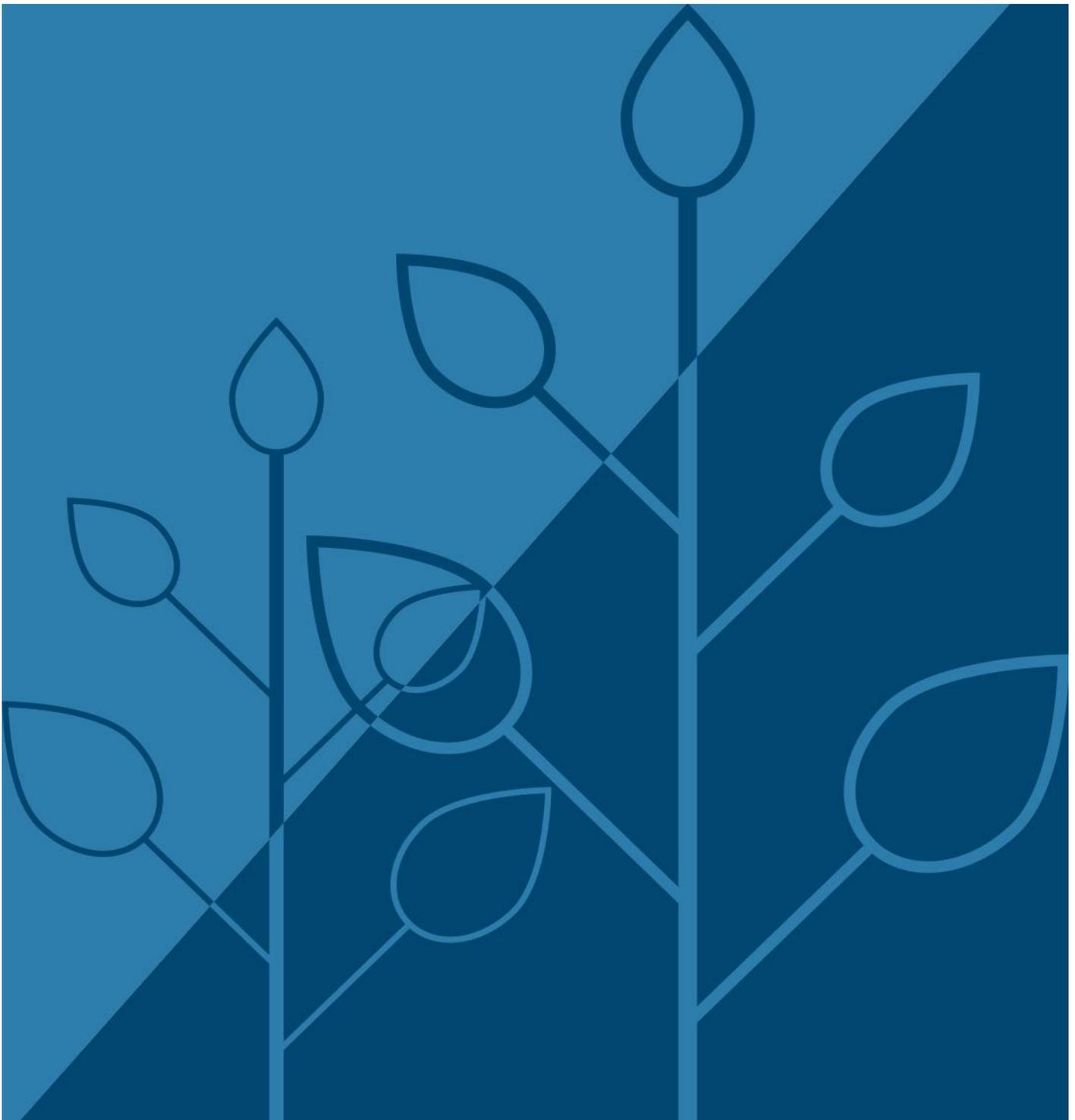
Q4/2020

Sievi Capital Plc

Financial Statements Release

January–December 2020

24 February 2021



January–December 2020

SIEVI CAPITAL'S 2020 RESULT WAS STRONG CONSIDERING THE CIRCUMSTANCES, SEVERAL M&A TRANSACTIONS COMPLETED

October–December 2020

- Operating profit was EUR 6.0 (8.5) million
- Net profit for the period was EUR 5.0 (6.7) million
- Earnings per share (undiluted and diluted) were EUR 0.09 (0.12)

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- Operating profit was EUR 11.7 (16.0) million
- Net profit for the period was EUR 9.9 (12.8) million
- Earnings per share (undiluted and diluted) were EUR 0.17 (0.22)
- Net asset value per share at the end of the review period was EUR 1.33 (1.35)
- Return on equity was 12.7% (17.7%)
- Gearing at the end of the review period was -11.1% (-41.2%)
- Sievi Capital invested in Nordic Rescue Group in February and in Logistikas in December
- The investment in Suvanto Trucks was sold in December
- Sievi Capital paid its shareholders dividends a total of EUR 0.19 per share

Figures in parentheses are reference figures from the corresponding period in the previous year, unless indicated otherwise. The figures in the Financial Statements Release are audited. Sievi Capital does not consolidate the data of its subsidiaries into Group-level calculations line item by line item but recognises investments in the companies at fair value through profit or loss.

Proposal for the distribution of profit

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.04 per share be paid for the past financial period (the dividend paid for the previous financial period was EUR 0.04 per share).

CEO Päivi Marttila:

“The year 2020 was exceptional for Sievi Capital, as it was for the entire society. However, despite the coronavirus crisis, the year as a whole turned out to be good for us. We started the year with a very strong balance sheet after a significant exit made at the end of the previous year. During the year, we were able to put Sievi Capital's balance sheet into more efficient use by distributing EUR 11.0 million in dividends to our shareholders and investing EUR 14.8 million in new and current target companies. Due to the excessively strong balance sheet at the end of the previous year, return on equity, 12.7%, was slightly below our long-term target of 13%.

In 2020, the most successful of our target companies was Indoor Group. Indoor Group's performance in the difficult market situation in the spring was excellent and the company continued its strong development also when the market picked up. Indoor Group's operating profit grew by approximately 70% from the previous year. This was attributable to the favourable market situation in late spring and particularly the company's own active measures to improve its margins.

KH-Koneet Group's operating environment was more challenging than in the previous year and its Swedish business operations were in an intensive construction phase. As a result, the company's EBITDA decreased somewhat in 2020 compared to the previous year. Nevertheless, the company made significant progress

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towards its strategic goals in 2020 by expanding the Swedish business acquired at the end of 2019 through the acquisition of an earth-moving machinery rental company and the signing of significant new dealership agreements.

In 2020, we made two new investments. For Nordic Rescue Group, the rescue vehicle group established in early 2020, the year consisted of laying the foundation for the new company's business. New management was recruited to lead the company in the development of operations and the expansion of the production capacity, with the aim of enabling the growth sought in the coming years. This work proceeded well and although Nordic Rescue Group's financial development in 2020 did not meet the goals, we are confident about the company's future development.

Our second new investment was made in Logistikas towards the end of the year. This logistics service company has performed well in recent years and this trend continued in 2020, with the company's pro forma EBITDA increasing considerably from the previous year. The company provides a solid basis for growing the business and expanding it to new areas.

During the eventful year 2020, we also made one exit by selling our holding in Suvanto Trucks in December. This investment was not a success for us as return on ownership was weak. However, I am pleased that this arrangement could be completed. Now we can focus our resources on enterprises where we have the opportunity to exercise the most influence. I also believe that under the personnel's ownership, Suvanto Trucks is well placed for future development."

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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 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.

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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

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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,

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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 acquisitions.

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

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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.

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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.

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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.

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.

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 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.

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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.

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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

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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

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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.

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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.

Helsinki, 23 February 2021
Sievi Capital Plc
Board of Directors

Tables

Accounting principles

This Financial Statements Release has been prepared in compliance with the IAS 34 standard. The Financial Statements Release has been prepared following the same accounting principles as in the financial statements 2019.

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	7-12/2020	7-12/2019	1-12/2020	1-12/2019
Interest and dividend income, total	3.2	0.0	3.2	0.5
Realised profits/losses & expenses of investments	-2.9	11.0	-2.9	11.0
Unrealised changes in fair values of investments	14.6	1.4	13.0	5.7
Changes in value of investments, total	11.8	12.4	10.1	16.7
Operating expenses	-0.8	-0.7	-1.6	-1.2
Operating profit	14.2	11.8	11.7	16.0
Financial income	0.0	0.0	0.0	0.0
Financial expenses	0.0	-0.1	-0.1	-0.1
Profit before taxes	14.2	11.7	11.6	15.9
Income taxes	-2.2	-2.3	-1.7	-3.1
Net profit for the period	12.0	9.4	9.9	12.8
Distribution of the net profit for the period				
To equity holders of the parent company	12.0	9.4	9.9	12.8
Earnings per share, undiluted	0.21	0.16	0.17	0.22
Earnings per share, diluted	0.21	0.16	0.17	0.22

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Consolidated balance sheet, IFRS

EUR million	31 Dec. 2020	31 Dec. 2019
Assets		
Non-current assets		
Property, plant and equipment	0.0	0.0
Right-of-use assets	0.0	0.1
Investments at fair value through profit or loss	72.4	48.5
Non-current receivables	0.0	0.2
Deferred tax assets	1.4	0.4
Non-current assets, total	73.9	49.2
Current assets		
Accrued income and other receivables	1.0	0.0
Cash and cash equivalents	8.6	32.3
Current assets, total	9.6	32.3
Assets, total	83.5	81.5
Shareholders' equity and liabilities		
Equity attributable to equity holders of the parent company		
Share capital	15.2	15.2
Reserve for invested unrestricted equity	12.9	12.7
Retained earnings	49.2	50.2
Total equity	77.3	78.1
Non-current liabilities		
Lease liabilities	0.0	0.0
Deferred tax liabilities	5.8	3.1
Other liabilities	0.0	0.0
Non-current liabilities, total	5.8	3.2
Current liabilities		
Lease liabilities	0.0	0.0
Trade and other liabilities	0.4	0.2
Current liabilities, total	0.4	0.3
Shareholders' equity and liabilities, total	83.5	81.5

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Consolidated cash flow statement, IFRS

EUR million	7-12/2020	7-12/2019	1-12/2020	1-12/2019
Cash flow from operating activities				
Net profit for the period	12.0	9.4	9.9	12.8
Adjustments to the net profit for the period				
Taxes	2.2	2.3	1.7	3.1
Other adjustments	-14.9	-12.4	-13.1	-17.1
Changes in working capital				
Changes in liabilities	0.1	0.1	0.1	0.0
Changes in receivables	0.0	0.0	0.0	0.0
Purchase of investments	-6.5	0.0	-14.8	0.0
Proceeds from and expenses related to sale of investments	-0.1	45.0	-0.1	45.0
Repayment of loan receivables	0.2	0.0	0.2	0.0
Interest received	0.0	0.0	0.0	0.0
Financial expenses paid	0.0	-0.1	0.0	-0.1
Dividends received	3.2	0.0	3.2	0.5
Taxes paid	0.0	-6.9	0.0	-6.9
Net cash flow from operating activities	-3.7	37.4	-12.8	37.3
Cash flow from investing activities				
Investments in tangible and intangible assets	0.0	0.0	0.0	0.0
Net cash flow from investing activities	0.0	0.0	0.0	0.0
Cash flow from financing activities				
Investments in other financial assets	-2.3	0.0	-23.6	0.0
Sale of other financial assets	2.9	0.0	23.5	0.0
Repayment of long-term loans	0.0	-6.0	0.0	-6.0
Repayment of lease liabilities	0.0	0.0	0.0	0.0
Share issue	0.0	0.0	0.2	0.0
Dividends paid	0.0	0.0	-11.0	-1.7
Net cash flow from financing activities	0.6	-6.0	-10.9	-7.8
Change in cash and cash equivalents	-3.1	31.4	-23.7	29.6
Cash and cash equivalents at the beginning of the period	11.7	0.8	32.3	2.7
Cash and cash equivalents at the end of the period	8.6	32.3	8.6	32.3

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Consolidated statement of changes in equity, IFRS

EUR million

	Equity attributable to equity holders of the parent company			Total equity
	Share capital	Reserve for invested unrestricted equity	Retained earnings	
Equity 1 Jan. 2020	15.2	12.7	50.2	78.1
Total comprehensive income			9.9	9.9
Share issue		0.2		0.2
Dividends paid			-11.0	-11.0
Share-based incentive schemes			0.1	0.1
Equity 31 Dec. 2020	15.2	12.9	49.2	77.3
Equity 1 Jan. 2019	15.2	12.7	39.1	67.0
Total comprehensive income			12.8	12.8
Dividends paid			-1.7	-1.7
Equity 31 Dec. 2019	15.2	12.7	50.2	78.1

Fair value hierarchies

Hierarchy levels, EUR million	Level 1	Level 2	Level 3	Total
31 Dec. 2020				
Private equity investments			72.4	72.4
Levels, total			72.4	72.4
31 Dec. 2019				
Private equity investments			48.5	48.5
Levels, total			48.5	48.5

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

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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.

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

Level 3 specification

EUR million	1-12/2020	1-12/2019
Private equity investments		
Balance at the beginning of the period	48.5	76.8
Changes in value	13.0	5.7
Purchases	14.8	
Sale ⁽¹⁾	-3.8	-34.0
Balance at the end of the period	72.4	48.5
Fair values at the end of the period	72.4	48.5

(1) Includes the repayment of shareholder loan receivables in 2019

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).

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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).

Transactions with related parties

EUR million	1–12/2020	1–12/2019
Related party transactions		
Interest income for subsidiaries		0.3
Share issue to the management	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

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.

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Key indicators

EUR million	1-12/2020	1-12/2019
Return on equity, %	12.7%	17.7%
Return on capital employed, %	15.0%	21.2%
Gearing, %	-11.1%	-41.2%
Equity ratio, %	92.6%	95.8%
Personnel, average	5	4
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
Lowest share price, EUR	0.85	1.16
Highest share price, EUR	1.45	1.55
Share 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 number of shares, undiluted, 1,000	57,930	57,765
Average number of shares, diluted, 1,000	57,951	57,765

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Calculation of key indicators

Return on equity, %	$\frac{\text{Net profit for the period} \times 100}{\text{Shareholders' equity (average)}}$
Return on capital employed,	$\frac{(\text{Profit before taxes} + \text{financial expenses}) \times 100}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average)}}$
Gearing, %	$\frac{(\text{Financial liabilities}^{(1)} - \text{cash and cash equivalents and other financial assets}) \times 100}{\text{Equity}}$
Equity ratio, %	$\frac{\text{Shareholders' equity} \times 100}{\text{Balance sheet total} - \text{advance payments received}}$
Earnings per share	$\frac{\text{Net profit for the period}}{\text{Average number of shares during the period}}$
Shareholders' equity per share ⁽²⁾	$\frac{\text{Equity}}{\text{Number of shares at the end of the period}}$
Market capitalisation	Number of shares x price at the end of the period

(1) Includes loans from financial institutions and lease liabilities

(2) Corresponds with net asset value per share

Sievi Capital's financial information in 2021

Financial Statements Release for 2020 on 24 February 2021

Annual Report for 2020 in Week 10

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

Sievi Capital 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.