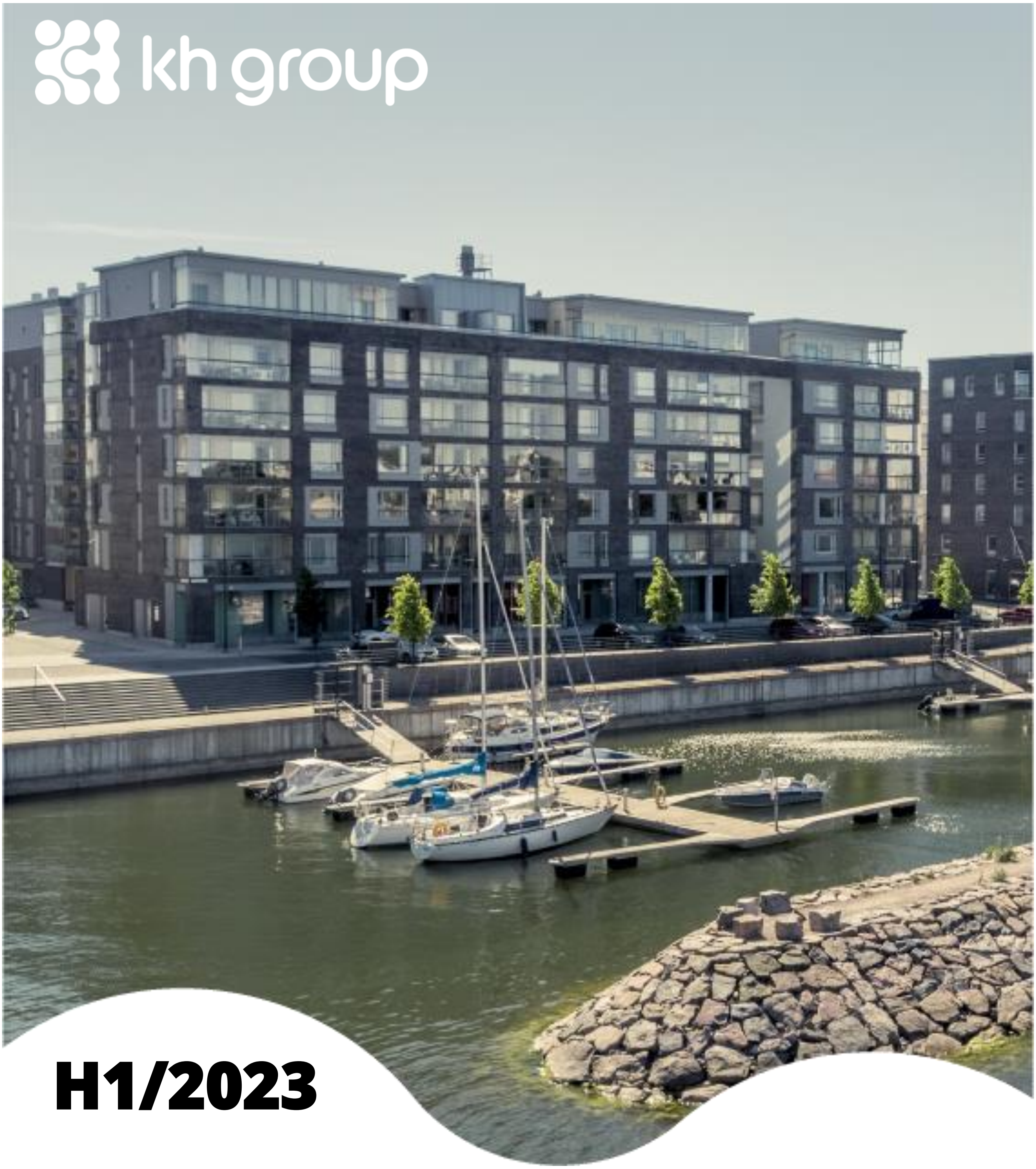

H1/2023

KH Group Plc
Half-Year Report

January–June 2023
17 August 2023

Change of strategy, company name and reporting practices

Based on the change in strategy announced on 15 December 2022, Sievi Capital Plc transformed its operations from a private equity investment company into a conglomerate on 4 May 2023 by a decision of the Annual General Meeting. In connection with this, the company's name was changed to KH Group Plc. The trading code of the share was previously SIEVI and was changed to KHG as a result of the change of the trade name on 10 May 2023.

KH Group's strategy will no longer include making private equity investments in new industries. The medium-term objective is to become an industrial group built around the KH-Koneet's business. The development of other business areas will continue in the same way as before, and the aim is to divest them in line with the previous investment strategy.

KH Group did not previously consolidate the data of its subsidiaries into Group-level calculations line item by line item, but recognised investments in the companies at fair value through profit and loss. Starting from 1 May 2023, the Group has consolidated its subsidiaries into the income statement and balance sheet line item by line item. More information on the change in accounting principles and its significant effects on the reported figures is provided in the tables section.

The following unaudited pro forma financial figures have been prepared for illustrative purposes only. The pro forma figures aim to illustrate the result of the segments and the Group if the change in investment entity status had taken place on 1 January 2022, and the companies that were part of the group structure on 30 June 2023 had been consolidated into the income statement line item by line item for the periods 1 January–31 December 2022 and 1 January–30 June 2023.

The unaudited pro forma figures are based on the subsidiaries' audited financial statements for the financial year 2022 and on unaudited accounting figures for the periods 1 January–30 June 2022 and 1 January–30 June 2023.

The segment and consolidated income statement comments have been prepared on the basis of pro forma figures, unless otherwise stated. The section "Pro forma financial information" presents more detailed accounting policies and reconciliations between reported and pro forma figures. KH Group has not prepared pro forma figures for balance sheet and cash flow items.

CHANGE IN STRATEGY IS PROGRESSING AS PLANNED, THE DIVESTMENT OF LOGISTIKAS WAS COMPLETED IN JUNE

KH Group, April–June 2023 pro forma

- Net sales amounted to EUR 105.9 (116.1) million.
- Operating profit was EUR 1.2 (2.9) million.
- Lauri Veijalainen became the CEO of KH Group and Indoor Group after the end of the review period, on 1 August 2023. Ville Nikulainen will start as the new CFO of KH Group on 1 September 2023.
- KH Group divested its holdings in Logistikas.
- Nordic Rescue Group signed a financing agreement concerning changes and follow-on investments.

H1/2023 Half-Year Report

January–June 2023

KH Group, January–June 2023 pro forma

- Net sales amounted to EUR 209.0 (215.7) million.
- Operating profit was EUR 2.3 (2.4) million.

KH Group January–June 2023 reported IFRS

- Net sales amounted to EUR 72.1 (-) million. The figures include net sales accumulated in May–June.
- Operating profit was EUR -9.3 (-5.3) million.
- Net profit for the period was EUR -5.4 (-4.3) million.
- Earnings per share (undiluted and diluted) were EUR -0.06 (-0.07).
- Equity per share at the end of the review period was EUR 1.51 (1.53).
- Return on equity for rolling 12 months was -10.5% (3.5%).
- Gearing at the end of the review period was 187.1% (13.0%)
- Gearing excluding lease liabilities was 80.6% (12.8%).

CEO Lauri Veijalainen:

"I took up my post as KH Group's and Indoor Group's CEO on 1 August 2023. The implementation of KH Group's change in strategy has progressed according to plan. In the second quarter, we continued our preparations for the changes in reporting, we divested the Logistikas business, and we worked on other measures required by the change in strategy. Sievi Capital's name was changed on 4 May 2023 to KH Group, and we also created a new visual identity for the company. Following a change in reporting, our review now presents figures consolidated line item by line item for the first time. The changes to our reporting improve the transparency of our business operations for investors and other stakeholders.

Our consolidated pro forma net sales declined slightly year-on-year, as did our operating profit. Net sales and operating profit decreased for KH-Koneet and Indoor Group. Activity in the machine dealership market slowed somewhat, which had a negative impact on KH-Koneet's net sales. Nevertheless, the demand for rental machinery has remained good. Indoor Group's sales during the spring did not meet expectations, and the furniture market is still struggling with cautious consumer demand. For HTJ and Nordic Rescue Group, proforma net sales and operating profit improved during the comparable period. HTJ's performance was supported by the growth of the project portfolio and the acquisitions made in 2022–2023. Nordic Rescue Group's business now has a much healthier foundation after the Group exited the loss-making rescue lift business at the end of last year. The demand for rescue vehicles in Finland and Sweden has remained stable.

The divestment of Logistikas was completed at the end of June, and the company and the items related to the divestment are therefore reported as a discontinued operation. The debt-free selling price was EUR 23.5 million, with KH Group's share after the deduction of net debt and the transaction costs amounting to EUR 11.9 million. The cash proceeds from the sale were used to pay back the parent company's bank loan in full after the end of the review period, and the proceeds will also be used for investments required by the change in strategy.

This autumn, we will continue our development efforts in our business areas, many of which are focusing on operational efficiency. At the same time, we will continue to move forward with KH Group's change in strategy as planned."

Financial performance

KH Group

Pro forma key figures

The accounting principles applied in preparing the pro forma figures and reconciliations are presented later in the report under “Pro forma financial figures”.

EUR million	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Net sales	105.9	116.1	209.0	215.7	441.3
Pro forma EBITDA (1)	**9.5**	**11.0**	**18.9**	**17.5**	**43.1**
EBITDA, %	9.0%	9.5%	9.0%	8.1%	9.8%
Pro forma operating profit (EBIT)	**1.2**	**2.9**	**2.3**	**2.4**	**12.2**
Operating profit (EBIT), %	1.1%	2.5%	1.1%	1.1%	2.8%
Pro forma profit before taxes	**-2.3**	**0.9**	**-3.9**	**-1.1**	**4.5**

(1) EBITDA = operating profit + depreciation and amortisation

KH Group, April–June, pro forma

KH Group’s pro forma net sales amounted to EUR 105.9 (116.1) million, representing a year-on-year decline of 9%. Net sales increased in HTJ and Nordic Rescue Group, and decreased in KH-Koneet and Indoor Group. Operating profit for the review period came to EUR 1.2 (2.9) million. Of the segments, KH-Koneet, HTJ and Nordic Rescue Group had positive operating profit, while Indoor Group recorded a loss. The parent company’s share of the operating profit for the review period was EUR -0.8 (-0.5) million. The increase in the parent company’s operating expenses was partially due to project expenses associated with the change in strategy, which totalled EUR 0.2 million for the review period.

KH Group, January–June, pro forma

KH Group’s net sales decreased by 3% to EUR 209.0 (215.7) million. Net sales increased in HTJ and Nordic Rescue Group and decreased in KH-Koneet and Indoor Group. Operating profit was positive in all business segments except Indoor Group. Of the segments, Nordic Rescue Group improved its operating profit year-on-year and returned to profitability. The parent company’s share of the operating profit for the review period was EUR -1.4 (-1.1) million. The increase in the parent company’s operating expenses was partially due to project expenses associated with the change in strategy, which amounted to EUR 0.3 million for the review period.

Segments

KH-Koneet

Pro forma key figures

The accounting principles applied in preparing the pro forma figures and reconciliations to the reported figures are described later in the report under “Pro forma financial figures”.

EUR million	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Net sales	46.1	54.8	89.5	97.1	194.5
Pro forma EBITDA (1)	**5.3**	**6.7**	**10.0**	**10.2**	**21.2**
EBITDA, %	11.4%	12.3%	11.2%	10.5%	10.9%
Pro forma operating profit (EBIT)	**2.3**	**3.7**	**4.2**	**5.3**	**10.8**
Operating profit (EBIT), %	5.0%	6.8%	4.6%	5.4%	5.6%

(1) EBITDA = operating profit + depreciation and amortization. The most significant difference between previously reported FAS EBITDA and pro forma EBITDA is the treatment of leases in accordance with IFRS 16.

KH-Koneet is one of the leading construction and earth-moving machinery suppliers in the Nordic countries. The company sells and rents out a comprehensive range of machinery, equipment and services for needs related to earthworks, property maintenance and material handling. The brands represented by KH-Koneet include Kobelco, Kramer, Wacker Neuson and Yanmar.

On the whole, KH-Koneet’s market environment in both Finland and Sweden remained fair during the second quarter, but weakened compared to the first quarter. Activity in the earth-moving machinery dealership business slowed slightly as demand declined in the construction industry. The demand for rental machinery has remained good, and the outlook for that business is favourable in the current uncertain economic conditions. Furthermore, the demand outlook especially in Sweden is supported by the damage incurred to infrastructure due to storms in August. The positive development of the machinery leasing business has also been supported by the company’s diverse customer offering. The availability of machinery has, for the most part, been at the usual level. There have been challenges with the availability of heavy excavators this year with regard to one manufacturer, but the situation is expected to improve in the second half of the year. The purchase prices of machinery have increased exceptionally sharply this year, and this trend continued in the second quarter.

In April–June, the pro forma net sales of KH-Koneet declined by 16% compared to the strong level seen in the corresponding period last year. The decrease in net sales was mainly attributable to lower sales in the machinery dealership business. Net sales in the machinery leasing business increased year-on-year. The development of net sales in the second quarter was affected not only by the demand situation but also the depreciation of the Swedish krona against the euro. Adjusted for exchange rate fluctuations, KH-Koneet’s net sales declined by 12%. Pro forma operating profit for the second quarter declined by EUR 1.4 million year-on-year and amounted to EUR 2.3 million. The decline in operating profit was mainly due to lower sales. The company has sought to create a buffer for the negative impacts of machinery purchase prices on the sales margin by anticipating purchases and maintaining high inventory levels. Fixed expenses were at a reasonable level and decreased year-on-year.

The company has been successful in its cost-cutting measures this year, which has helped maintain profitability at a healthy level. This year, KH-Koneet will continue to improve its operational efficiency, focusing particularly on working capital and its ability to generate cash flow. During the review period, the company also initiated a strategic development effort with the aim of assessing future business growth areas and targets, taking into consideration both organic and inorganic opportunities.

Indoor Group

Pro forma key figures

The accounting principles applied in preparing the pro forma figures and reconciliations to the reported figures are described later in the report under “Pro forma financial figures”. Indoor Group reports it figures according to IFRS and the pro forma information presented in this interim report corresponds to the figures reported by the company.

EUR million	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Net sales	44.0	47.2	87.6	92.8	192.2
Pro forma EBITDA (1)	**3.5**	**3.6**	**7.9**	**6.8**	**20.3**
EBITDA, %	8.0%	7.6%	9.0%	7.3%	10.6%
Pro forma operating profit (EBIT)	**-1.5**	**-1.2**	**-2.1**	**-2.7**	**1.0**
Operating profit (EBIT), %	-3.5%	-2.5%	-2.4%	-2.9%	0.5%

(1) EBITDA = operating profit + depreciation and amortisation

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 approximately 90 physical stores as well as online stores in Finland and Estonia.

Indoor Group’s market environment remained challenging in the second quarter. Increased interest rates, inflation and the low level of activity in terms of people moving into new homes have kept consumers cautious with regard to furniture purchases, and this has been negatively reflected in the demand for Indoor Group’s products. Among the company’s retail chains, Asko’s sales performance has involved more challenges than Sotka’s. Indoor Group has continued to carry out efficiency improvement measures by seeking cost savings and improving the efficiency of working capital, for example. The company’s inventory values have been substantially lower than in the previous year, which has had a positive impact on cash flow.

The company’s pro forma net sales declined by 7% year-on-year in April–June, while pro forma operating profit decreased by EUR 0.3 million. Although the sales margin improved year-on-year, operating profit was lower than in the comparison period due to lower sales volumes. Indoor Group’s fixed expenses decreased slightly year-on-year, mainly due to a decrease in personnel expenses following change negotiations, and the expenses associated with the ERP renewal project being lower than in the comparison period. IFRS expenses recognised during the review period in connection with the ERP project amounted to EUR 0.7 million, which is EUR 0.4 million less than in the comparison period. The costs of the ERP project are expected to decrease in the second half of 2023 as the project has progressed into its final stage. The system is expected to be deployed in production use in the first half of 2024.

Due to the company's weak financial performance, it did not meet the financial covenants of its financing agreement as of June 2023. After the end of the review period, Indoor Group has continued negotiations with the financing provider regarding both the deviation from the covenant terms and the adjustment of the financing agreement to better correspond to the company's needs and business prospects.

Indoor Group has faced challenges with regard to sales development and maintaining profitability. In response to these challenges, the company has implemented a number of efficiency improvement measures. This year, the company will continue to implement measures aimed at improving profitability by, for example, optimising the structure of its retail network by assessing the profitability levels of retail locations and closing retail locations that have low profitability. The product range and sales planning will also be developed to better correspond to demand.

HTJ

Pro forma key figures

The accounting principles applied in preparing the pro forma figures and reconciliations to the reported figures are described later in the report under "Pro forma financial figures".

EUR million	**4–6/2023**	**4–6/2022**	**1–6/2023**	**1–6/2022**	**1–12/2022**
Net sales	7.0	5.8	13.2	10.5	23.1
Pro forma EBITDA (1)	**0.8**	**0.7**	**1.3**	**1.4**	**3.4**
EBITDA, %	11.7%	12.3%	10.2%	13.5%	14.9%
Pro forma operating profit (EBIT)	**0.6**	**0.6**	**1.0**	**1.1**	**2.8**
Operating profit (EBIT), %	9.2%	9.7%	7.5%	10.6%	12.2%

(1) EBITDA = operating profit + depreciation and amortisation. The most significant difference between previously reported FAS EBITDA and pro forma EBITDA is the treatment of leases in accordance with IFRS 16.

HTJ is one of the leading construction consulting companies in Finland and offers its customers a wide range of expert services in construction management, site supervision, energy and environmental consulting and project management. The company employs approximately 200 experts and serves customers across Finland.

Uncertainties in the operating environment of the construction sector continued in the second quarter. The tighter financial environment and inflation have been reflected in new residential construction, in particular. Building renovation projects, infrastructure projects and industrial projects have remained more stable. Consultancy related to new residential construction represents a small proportion of the company's net sales. Tendering activity remained high in the second quarter, and the order book at the end of June was slightly higher than in the previous year. The general uncertainty in the market has been reflected in the postponement of certain projects, which has reduced the invoicing rate, especially in the short term. Furthermore, factors such as the weakened outlook of new construction have led to more intense price competition.

HTJ's pro forma net sales increased by 21% year-on-year in the second quarter. The growth of net sales was attributable to the larger project portfolio, the acquisitions carried out in 2022–2023, and successful recruitment. The company's pro forma operating profit for April–June was EUR 0.6 million, which was close to the level of the comparison period. In spite of the positive development of net sales, the development of operating profit was negatively affected by the invoicing rate being slightly lower than in the comparison period. HTJ's fixed expenses have also increased, particularly with regard to personnel expenses, which had a negative effect on operating profit.

HTJ aims to continue to grow both organically and through acquisitions in spite of the uncertainties associated with the market situation. Demand for HTJ's services is supported by the company's diverse offering, strong expertise and several long-term customers. HTJ has also strengthened its expertise through new recruitment in energy and environmental services, which are areas that are expected to see growing demand in the future.

Nordic Rescue Group

Pro forma key figures

The accounting principles applied in preparing the pro forma figures and reconciliations to the reported figures are described later in the report under "Pro forma financial figures".

EUR million	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Net sales	8.8	8.4	18.7	15.2	31.5
Pro forma EBITDA (1)	**0.7**	**0.4**	**1.0**	**0.1**	**0.3**
EBITDA, %	8.3%	4.5%	5.4%	0.4%	0.8%
Pro forma operating profit (EBIT)	**0.6**	**0.3**	**0.7**	**-0.2**	**-0.2**
Operating profit (EBIT), %	6.5 %	3.1 %	3.7 %	-1.1 %	-0.7 %

(1) EBITDA = operating profit + depreciation and amortisation. The most significant difference between previously reported FAS EBITDA and pro forma EBITDA is the treatment of leases in accordance with IFRS 16.

Nordic Rescue Group is a leading rescue vehicle supplier in the Nordic countries. The company operates in Finland under the name Saurus and in Sweden under the name Sala Brand.

Demand for rescue vehicles and their maintenance services has remained fairly stable in Finland and Sweden, and tendering activity remained high in the second quarter. The availability of chassis and components improved in the early part of the year, although there were still challenges with the availability of certain accessories, which has complicated production planning and the scheduling of deliveries. Both Saurus and Sala Brand have managed to increase their order book compared to the previous year.

Nordic Rescue Group's comparable pro forma net sales, including Saurus and Sala Brand, increased by 5% compared to April–June 2022. Delivery volumes have increased year-on-year in both Finland and Sweden. In Sweden, growth has been achieved particularly in ladder trucks and the maintenance and spare parts business. Pro forma operating profit for the second quarter amounted to EUR 0.6 million, which is EUR 0.3 million higher than the comparable figure for 2022. The improvement in operating profit was curbed by increased personnel expenses and the depreciation of the Swedish krona, the effects of which have not been fully passed on to customer prices.

During the review period, Nordic Rescue Group reached an agreement with its financing provider on amendments to the financing agreement. In connection with this, KH Group and the other shareholders made a commitment to a follow-on investment in the company totalling EUR 1.5 million. KH Group's share of the follow-on investment is EUR 0.75 million (50%), which will be made in installments by the end of June 2024. The follow-on investments and amendments to the financing agreement strengthen Nordic Rescue Group's balance sheet position following its exit from the rescue lift business. The company's receivables from the Vema Lift Oy bankruptcy estate are estimated at EUR 1.5 million, with payment expected gradually in the latter part of 2023 and in 2024.

The implementation of development measures continued during the review period and thereafter. In maintenance operations, new facilities have been taken into use in Sweden, and maintenance contracts are offered to customers in connection with sales of new vehicles. The maintenance and spare parts business represented approximately 10% of net sales in the second quarter, and further potential for growth is seen in the market. As part of improving operational efficiency, projects have been launched to streamline the production process and develop the management of product information. Nordic Rescue Group has also assessed new export markets and participated in tendering processes in selected potential markets.

Logistikas

As part of its strategic transformation, KH Group, together with the other shareholders of Logistikas, sold the shares of Logistikas to the Swedish logistics company Logent on 30 June 2023. The transaction was signed and completed simultaneously.

The debt-free purchase price of the share transaction was EUR 23.5 million. KH Group's holding in Logistikas was 66.5%, and its share of the purchase price, after the deduction of net debt and transaction costs, was approximately EUR 11.9 million, including the purchase price for the shares and for the receivables from Logistikas related to dividend and capital distribution in conjunction with the transaction. The final purchase price will be determined on the basis of Logistikas' balance sheet on 30 June 2023, and any adjustments to the purchase price will be paid during the third quarter. The transaction had a positive effect of approximately EUR 4.8 million on KH Group's net profit for the period, consisting of a capital gain of EUR 4.5 million and profit of EUR 0.3 million for the period 5–6/2023.

Financial position and cash flow

KH Group's balance sheet total on 30 June 2023 was EUR 377.0 (112.9) million. The equity ratio was 23.8% (79.0%) and gearing was 187.1% (13.0%). Excluding lease liabilities, gearing was 80.6% (12.8%). These balance sheet indicators are not comparable due to the change in reporting.

During the review period, the parent company had a bank loan of EUR 10.0 million. The loan agreement included a financial covenant that was met at the end of the review period. The bank loan was repaid in full after the review period, at the beginning of July. Cash proceeds from the Logistikas divestment were used to repay the loan. Following the repayment of the loan, the Group's parent company has no loans from financial institutions.

The Group's cash and cash equivalents amounted to EUR 26.4 million at the end of the review period. During the review period, Nordic Rescue Group reached an agreement with its financing provider on amendments to the financing agreement. In connection with this, KH Group and the other shareholders made a commitment to a follow-on investment in the company amounting to EUR 1.5 million. KH Group's share of the follow-on investment is EUR 0.75 million (50%), which will be made in installments by the end of June 2024. The follow-on investments and amendments to the financing agreement strengthen Nordic Rescue Group's balance sheet position following its exit from the rescue lift business. The company's receivables from the bankruptcy estate are estimated at EUR 1.5 million, with payment expected gradually in the latter part of 2023 and in 2024. Due to Indoor Group's weak financial performance, it did not meet the financial covenants of its financing agreement as of June 2023. After the end of the review period, Indoor Group has continued negotiations with the financing provider regarding both the deviation from the covenant terms and the adjustment of the financing agreement to better correspond to the company's needs and business prospects.

Net cash flow from operating activities amounted to EUR 8.7 (-3.0) million, net cash flow from investing activities to EUR 28.1 (0.0) million and net cash flow from financing activities to EUR -12.6 (4.4) million. Cash flow from investing activities includes an increase of EUR 16.3 million to the cash and cash equivalents of subsidiaries arising from a change in consolidation principles on 1 May 2023, and the consideration of EUR 11.9 million received for the sale of Logistikas.

Personnel

Personnel, average	30 June 2023	31 Dec. 2022	30 June 2022
KH-Koneet	202	198	188
Indoor Group (1)	798	744	842
HTJ	216	200	196
Nordic Rescue Group (2)	106	117	114
Parent company	4	6	5
Group, total	**1,326**	**1,265**	**1,345**

(1) For Indoor Group, the FTE figure is used due to the large number of part-time employees.

(2) Does not include the personnel of Vema Lift Oy, which filed for bankruptcy during the financial year 2022.

Shares, shareholders and share price development

KH Group'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. All shares carry equal rights to dividends. The company did not own any treasury shares during the review period.

On 30 June 2023, KH Group had a total of 12,597 (13,158) shareholders. During the review period, the company did not receive any flagging notifications regarding changes in shareholdings in KH Group.

The closing price of KH Group's share at the end of 2022 was EUR 1.18. During the review period, the highest share price was EUR 1.21, the lowest was EUR 0.95 and the average price was EUR 1.07. At the end of the review period, the closing price was EUR 1.06 and the market capitalisation was EUR 61.6 (73.2) million. The number of shares traded on Nasdaq Helsinki during the review period was 6.3 (16.8) million, which corresponds to 10.8% (28.9%) of all outstanding shares on average.

The General Meetings and the Board of Directors' authorisations

The Annual General Meeting of KH Group was held on 4 May 2023 in the Symposion conference room of Hotel Kämp at Kluuvikatu 2, 00100 Helsinki, Finland. The Annual General Meeting supported all the proposals contained in the Notice of the Annual General Meeting. The Annual General Meeting adopted the financial statements for the financial period 2022, discharged the members of the Board of Directors and the CEO from liability for the financial period 2022, adopted – through an advisory resolution – the company's Governing Bodies' Remuneration Report for the year 2022, and decided on the amendment of the Governing Bodies' Remuneration Policy due to the company establishing a Shareholders' Nomination Board. The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that no dividend be distributed for the financial year that ended on 31 December 2022.

The Annual General Meeting resolved to keep the fees paid to the Board of Directors unchanged, with the Chairman of the Board of Directors paid remuneration of EUR 3,550 per month and each member of the Board of Directors EUR 2,300 per month. The travel expenses of the members of the Board of Directors are compensated in accordance with the company's Travel Policy. Earnings-related pension insurance contributions are paid voluntarily for the paid remuneration.

Juha Karttunen, Kati Kivimäki, Taru Narvanmaa, Timo Mänty and Harri Sivula were re-elected to the Board of Directors until the end of the Annual General Meeting of 2024. In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Juha Karttunen as its Chairman. According to the assessment of the Board of Directors, all Board members are independent of the company and its significant shareholders.

The Annual General Meeting elected KPMG Oy Ab, authorised public accountants, as the company's auditor. KPMG Oy Ab has notified that Esa Kailiala, APA, will act as the principal auditor. The General Meeting decided that the remuneration of the auditor shall be paid according to the auditor's reasonable invoice approved by the company.

In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved to amend Article 1 (Company's name and domicile) and Article 2 (Company's line of business) of the company's Articles of Association to take into account the change in strategy announced by the company on 15 December 2022, which will transform the company from a private equity investment company into a conglomerate, and in connection with which the company will change its name and line of business. The Annual General Meeting further resolved to amend Article 7 (Notice of the General Meeting and participation in the General Meeting) and Article 8 (Annual General Meeting) of the Articles of Association. The amendments to the Articles of Association are described in more detail in a stock exchange release published on 4 May 2023 regarding the resolutions of the Annual General Meeting.

The General Meeting authorised the Board of Directors to decide on the issuance of shares and/or the granting of special rights entitling to shares, in one or several instalments. The total number of shares to be issued under the authorisation may be at the most 11,400,000 shares. In addition, the General Meeting authorised the Board of Directors to decide to repurchase a maximum of 5,700,000 shares in the company in one or several instalments. The authorisations are effective until 30 June 2024, and they cancel the corresponding authorisations given to the Board of Directors by the Annual General Meeting of 11 May 2022. The contents of the new authorisations are described in more detail in a stock exchange release published on 4 May 2023 regarding the resolutions of the Annual General Meeting. The minutes of the Annual General Meeting are available on the company's website.

The most significant near-term business risks and risk management

The goal of KH Group'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. Group company-specific and primarily independent organisation plays a key role in risk management. KH Group's group-level risk management is governed and supervised through common guidelines and participation in the work of boards of directors.

On 15 December 2022, KH Group announced a change in strategy that was followed by the company initiating a renewal of strategy and the transformation from a private equity investment company into a conglomerate in 2023. The medium-term objective is to become an industrial group built around the KH-Koneet Group's business and to divest other business areas in line with previous strategy. The conglomerate currently consists of KH-Koneet Group and the business areas Indoor Group, Nordic Rescue Group and HTJ. The development of these business areas will continue in the same way as before, and the aim is to divest them in line with the previous investment strategy. Logistikas was divested on 30 June 2023, and it is reported in the Half-Year Report 2023 as a discontinued operation.

The change in structure into an industrial group will proceed in stages over the coming years, taking into account the preconditions set by the business. KH Group's strategy will no longer include making private equity investments in new industries. The proceeds from the divestments of target companies in the coming years are intended to be used for acquisitions supporting KH-Koneet Group, the development of other target companies, for dividends and for strengthening the capital structure.

The company's Board of Directors confirms the company's strategy and action plan, which defines goals related to the development of the business areas and future exits, among other things. The Board of Directors makes decisions on business area exits and oversees the implementation. Due to the nature of the company's operations and the change in strategy, a significant proportion of KH Group's material risks are related to the company's business areas, their activities, and exits.

The company risk of the business areas consist of, among other things, risks associated with market and competitive situations, strategic risks, operational risks and financial risks, with the material risks including, for instance, liquidity and interest rate risks. At the end of the review period, KH Group had four business areas, all of which are of significant size. It cannot be guaranteed that the business areas or sectors that are within the scope of KH Group's structure will develop as expected in the future. The financial results of the business areas have a direct effect on KH Group's result. Changes in the operations of a single business area may have a material negative impact on KH Group's business operations, financial position, results or future outlook. Pandemics and inflation, which has accelerated in recent times, may also have significant direct and indirect impacts on the development of the business areas and, consequently, on KH Group.

KH Group's most significant strategic risks are related to exiting the business areas and the timing of those exits, which may have a material impact on the execution of the ongoing change in strategy. The company's structure makes the flexible timing of exits possible but, to optimise return on equity, the company aims to time exits to coincide with circumstances in which KH Group considers the value creation strategy that was planned for the business area in advance to have been implemented and the market situation to be favourable for the exit. As the operating environments of the business areas 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.

KH Group's operational risks include, for instance, dependence on the parent company's and business areas' 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.

Liquidity risk is the most significant financial risk that KH Group is exposed to. The management of liquidity risk ensures that the company has sufficient funds to make any payments falling due and for potential additional capitalisation of the business areas in line with the company's value creation strategy.

The war in Ukraine and the resulting sanctions are not expected to have significant direct impacts on KH Group under the current circumstances. However, the prolongation or expansion of the war may have potentially significant indirect negative impacts on KH Group through unfavourable developments in financial and capital markets, a decline in the overall economic outlook or a deterioration in the operating conditions of KH Group's business areas, for instance. KH Group has no business operations in Ukraine or Russia.

Events after the review period

During the review period, the parent company had a bank loan of EUR 10.0 million. The bank loan was repaid in full after the review period, at the beginning of July. Cash proceeds from the Logistikas divestment were used to repay the loan. Following the repayment of the loan, the Group's parent company has no loans from financial institutions.

KH Group's new CEO, Lauri Veijalainen, took up his post after the end of the review period, at the beginning of August. Starting from 1 August 2023, Veijalainen will also act as the CEO of the subsidiary Indoor Group, and he will also participate in the work of the boards of directors of KH Group's subsidiaries.

Ville Nikulainen has been appointed as the CFO of KH Group Plc as of 1 September 2023. Mr. Nikulainen previously served as the Interim CEO of KH Group between March and July 2023. He has an extensive and international work experience from financial, managerial, and board of directors duties. KH Group informed earlier this year that the CFO Tuomas Joensuu will leave the company in September to move to a new position outside the company.

Future outlook

KH Group's medium-term objective is to become an industrial group built around the KH-Koneet business and to divest other business areas in line with previous strategy. At the same time, active developments will continue with regard to the other business areas. Exit planning and the assessment of exit opportunities for the other business areas will also continue.

In accordance with KH Group's current financial guidance practices, the company does not issue a separate Group-level financial guidance. KH Group's strategy and financial targets will be presented in more detail at the Capital Markets Day to be held before the end of 2023.

Helsinki, 16 August 2023
KH Group Plc
Board of Directors

Pro forma financial figures

The following unaudited pro forma financial figures have been prepared for illustrative purposes only. The pro forma figures aim to illustrate the comparable result of the segments and the Group if the change in accounting principles had taken place on 1 January 2022, and the companies that were part of the group structure on 30 June 2023 had been consolidated into the income statement line item by line item for the periods 1 January–31 December 2022 and 1 January–30 June 2023.

The unaudited pro forma figures are based on the subsidiaries' audited financial statements for the financial year 2022 and on unaudited accounting figures for the periods 1 January–30 June 2022 and 1 January–30 June 2023.

The presented pro forma figures include comparable net sales, EBITDA, operating profit and profit before taxes for the consolidated group and segments. The consolidated figures include the subsidiaries' transactions as if the consolidation had commenced on 1 January 2022. Intra-group transactions have been eliminated. The pro forma figures do not include the Logistikas business which was divested in 2023 and the Nordic Rescue Group's subsidiary Vema Lift Oy, which filed for bankruptcy in 2022. The historical financial figures of Indoor Group and KH Group Plc were previously prepared in compliance with the IFRS standards. The historical financial figures of KH-Koneet, Nordic Rescue Group and HTJ were prepared in compliance with the Finnish Accounting Standards ("FAS"). In the pro forma figures, the FAS accounting figures for the subsidiaries have been adjusted to be in line with IFRS principles, the parent company's fair value entries have been reversed, and the effect of discontinued operations has been adjusted for as follows:

- The net sales figures do not include the Logistikas business divested in 2023 and the Nordic Rescue Group subsidiary Vema Lift Oy, which filed for bankruptcy in 2022.
- EBITDA has been adjusted to eliminate the discontinued operations, fair value changes of the parent company's investments in subsidiaries, and lease expenses recognized in FAS accounting, which are not recognized in EBITDA in accordance with IFRS 16.
- Operating profit has been adjusted to eliminate discontinued operations, the parent company's fair value entries, and FAS lease expenses. Depreciation of leases in accordance with IFRS 16 have been added to operating profit.
- Profit before taxes has been adjusted to eliminate discontinued operations, the parent company's fair value entries, and FAS lease expenses. IFRS 16 depreciation and interest expenses according to IFRS 16 have been added to profit before taxes.

Pro forma income statements

EUR million	Pro forma 4-6 / 2023	Pro forma 4-6 / 2022	Pro forma 1-6 / 2023	Pro forma 1-6 / 2022	Pro forma 1-12 / 2022
Net sales					
KH-Koneet	46.1	54.8	89.5	97.1	194.5
Indoor Group	44.0	47.2	87.6	92.8	192.2
Nordic Rescue Group	8.8	8.4	18.7	15.2	31.5
HTJ	7.0	5.8	13.2	10.5	23.1
Non-allocated	-	-	-	-	-
Group, Total	**105.9**	**116.1**	**209.0**	**215.7**	**441.3**

EUR million	Pro Forma 4-6 / 2023	Pro Forma 4-6 / 2022	Pro Forma 1-6 / 2023	Pro Forma 1-6 / 2022	Pro Forma 1-12 / 2022
EBITDA					
KH-Koneet	5.3	6.7	10.0	10.2	21.2
Indoor Group	3.5	3.6	7.9	6.8	20.3
Nordic Rescue Group	0.7	0.4	1.0	0.1	0.3
HTJ	0.8	0.7	1.3	1.4	3.4
Non-allocated	-0.8	-0.5	-1.4	-1.1	-2.1
Group, Total	**9.5**	**11.0**	**18.9**	**17.5**	**43.1**
EBITDA %					
KH-Koneet	11.4 %	12.3 %	11.2 %	10.5 %	10.9 %
Indoor Group	8.0 %	7.6 %	9.0 %	7.3 %	10.6 %
Nordic Rescue Group	8.3 %	4.5 %	5.4 %	0.4 %	0.8 %
HTJ	11.7 %	12.3 %	10.2 %	13.5 %	14.9 %
Non-allocated	-	-	-	-	-
Group, Total	**9.0 %**	**9.5 %**	**9.0 %**	**8.1 %**	**9.8 %**
Depreciation					
KH-Koneet	-3.0	-3.0	-5.8	-5.0	-10.4
Indoor Group	-5.0	-4.8	-10.1	-9.5	-19.3
Nordic Rescue Group	-0.2	-0.1	-0.3	-0.2	-0.5
HTJ	-0.2	-0.2	-0.3	-0.3	-0.6
Non-allocated	-0.0	0.0	-0.1	-0.1	-0.1
Group, Total	**-8.4**	**-8.1**	**-16.6**	**-15.1**	**-30.9**
Operating profit (EBIT)					
KH-Koneet	2.3	3.7	4.2	5.3	10.8
Indoor Group	-1.5	-1.2	-2.1	-2.7	1.0
Nordic Rescue Group	0.6	0.3	0.7	-0.2	-0.2
HTJ	0.6	0.6	1.0	1.1	2.8
Non-allocated	-0.8	-0.5	-1.4	-1.1	-2.2
Group, Total	**1.2**	**2.9**	**2.3**	**2.4**	**12.2**
Operating profit (EBIT) %					
KH-Koneet	5.0 %	6.8 %	4.6 %	5.4 %	5.6 %
Indoor Group	-3.5 %	-2.5 %	-2.4 %	-2.9 %	0.5 %
Nordic Rescue Group	6.5 %	3.1 %	3.7 %	-1.1 %	-0.7 %
HTJ	9.2 %	9.7 %	7.5 %	10.6 %	12.2 %
Non-allocated	-	-	-	-	-
Group, Total	**1.1 %**	**2.5 %**	**1.1 %**	**1.1 %**	**2.8 %**

EUR million	Pro Forma 4-6 / 2023	Pro Forma 4-6 / 2022	Pro Forma 1-6 / 2023	Pro Forma 1-6 / 2022	Pro Forma 1-12 / 2022
Financial items, net					
KH-Koneet	-1.7	-0.9	-2.6	-1.4	-3.2
Indoor Group	-1.1	-0.7	-2.2	-1.4	-3.1
Nordic Rescue Group	-0.4	-0.2	-0.7	-0.5	-0.8
HTJ	-0.2	-0.1	-0.3	-0.2	-0.4
Non-allocated	-0.1	0.0	-0.3	-0.1	-0.2
Group, Total	**-3.5**	**-1.9**	**-6.1**	**-3.5**	**-7.6**
Profit before taxes					
KH-Koneet	0.6	2.8	1.5	3.8	7.6
Indoor Group	-2.6	-1.9	-4.4	-4.1	-2.1
Nordic Rescue Group	0.2	0.1	0.0	-0.6	-1.0
HTJ	0.5	0.5	0.7	1.0	2.4
Non-allocated	-0.9	-0.5	-1.7	-1.2	-2.4
Group, Total	**-2.3**	**0.9**	**-3.9**	**-1.1**	**4.5**

Pro forma reconciliations

KH Group

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Reported FAS EBITDA (1) (3)	3.9	5.4	6.7	7.1	13.5
Reported IFRS EBITDA (2) (3)	7.5	1.2	9.1	1.5	10.3
Reversal of FAS lease expenses	2.9	2.4	5.6	4.5	9.7
Reversal of Vema Lift Oy’s EBITDA(3)	-	0.1	-	0.1	1.7
Reversal of the parent company’s fair value entries	0.0	1.9	2.2	4.2	7.9
Reversal of the gain on sale of Logistikas	-4.8	-	-4.8	-	-
Pro forma EBITDA(3)	**9.5**	**11.0**	**18.9**	**17.5**	**43.1**
Reported FAS/IFRS depreciation	-7.0	-7.4	-14.1	-13.7	-32.5
Reversal of FAS depreciation of goodwill	1.2	1.4	2.4	2.6	10.0
The FAS companies’ IFRS 16 depreciations	-2.6	-2.2	-5.0	-4.1	-8.8
Reversal of Vema Lift Oy’s depreciations	-	0.1	-	0.2	0.4
Pro forma Operating profit (EBIT)	**1.2**	**2.9**	**2.3**	**2.4**	**12.2**
Reported FAS/IFRS financial expenses. net	-3.0	-1.7	-5.3	-3.1	-9.6
The FAS companies’ IFRS 16 interest expense	-0.5	-0.3	-0.8	-0.6	-1.2
Reversal of Vema Lift Oy’s financial items	-	0.1	-	0.2	3.1
Pro forma profit before taxes	**-2.3**	**0.9**	**-3.9**	**-1.1**	**4.5**

(1) KH-Koneet, NRG and HTJ reported FAS EBITDA
(2) Indoor Group and the parent company reported IFRS EBITDA
(3) EBITDA = operating profit + depreciation and amortization

KH-Koneet

EUR million	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Reported FAS EBITDA (1)	**2.7**	**4.6**	**5.0**	**6.3**	**12.6**
Reversal of FAS lease expenses	2.6	2.2	5.0	4.0	8.6
Pro forma EBITDA (1)	**5.3**	**6.7**	**10.0**	**10.2**	**21.2**
FAS depreciation	-1.2	-1.6	-2.4	-2.3	-4.4
Reversal of FAS depreciation of goodwill	0.5	0.5	1.0	0.9	1.8
IFRS 16 depreciation	-2.3	-2.0	-4.4	-3.6	-7.8
Pro forma Operating profit (EBIT)	**2.3**	**3.7**	**4.2**	**5.3**	**10.8**

(1) EBITDA = operating profit + depreciation and amortization

Indoor Group

Indoor Group reports in accordance with the IFRS and the pro forma figures presented in the interim statement are in line with the financials reported by the company.

HTJ

EUR million	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Reported FAS EBITDA (1)	**0.6**	**0.6**	**1.0**	**1.2**	**2.9**
Reversal of FAS lease expenses	0.2	0.1	**0.4**	0.3	0.6
Pro forma EBITDA (1)	**0.8**	**0.7**	**1.3**	**1.4**	**3.4**
FAS depreciation	-0.5	-0.5	**-1.0**	-0.9	-1.9
Reversal of FAS depreciation of goodwill	0.5	0.5	**1.0**	0.8	1.8
IFRS 16 depreciation	-0.2	-0.1	**-0.3**	-0.3	-0.5
Pro forma Operating profit (EBIT)	**0.6**	**0.6**	**1.0**	**1.1**	**2.8**

(1) EBITDA = operating profit + depreciation and amortization

Nordic Rescue Group

The pro forma figures do not include the figures of Vema Lift Oy, which filed for bankruptcy in December 2022.

EUR million	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Reported FAS EBITDA (1)	**0.6**	**0.2**	**0.7**	**-0.3**	**-2.0**
Reversal of FAS lease expenses	0.1	0.1	0.3	0.2	0.5
Reversal of Vema Lift Oy's EBITDA (1)	-	0.1	-	0.1	1.7
Pro forma EBITDA (1)	**0.7**	**0.4**	**1.0**	**0.1**	**0.3**
FAS depreciation	-0.3	-0.5	-0.6	-1.0	-6.7
Reversal of FAS depreciation of goodwill	0.2	0.4	0.5	0.8	6.4
IFRS 16 depreciation	-0.1	-0.1	-0.2	-0.2	-0.5
Reversal of Vema Lift Oy's depreciations	-	0.1	-	0.2	0.4
Pro forma Operating profit (EBIT)	**0.6**	**0.3**	**0.7**	**-0.2**	**-0.2**

(1) EBITDA = operating profit + depreciation and amortisation

Tables

Accounting principles

This unaudited interim report has been prepared in compliance with the IAS 34 Interim Financial Reporting standard.

The preparation of consolidated financial statements in accordance with the IFRS requires the use of management estimates and assumptions, which affects the amounts of assets and liabilities on the balance sheet, as well as income and expenses. Although the estimates are based on the management's best current knowledge, it is possible that the actual outcomes differ from the estimates and assumptions used.

The consolidated financial statements are prepared in euros, which is the company's operating currency and the reporting currency of the company and the Group. All figures are presented in millions of euros (EUR million) and rounded to the nearest EUR 0.1 million. Consequently, the sum of individual figures may deviate from the presented amounts.

Change of investment entity status and commencing the consolidation of subsidiaries

KH Group prepared its previous financial statements and interim reports as an IFRS 10 investment entity whose investments in subsidiaries were treated as financial instruments and measured at fair value through profit and loss. On 4 May 2023, in accordance with the proposal of the Board of Directors, the Annual General Meeting resolved to change the company name and line of business and amend the Articles of Association to be in line with the change in strategy from private equity investment company into a conglomerate announced on 15 December 2022.

KH Group deems that it ceased to be an investment entity on 1 May 2023 and, from that date onwards, has consolidated its subsidiaries into the consolidated financial statements by applying the IFRS 3 acquisition method of accounting. The date on which the investment entity status changed, 1 May 2023, is considered to be the acquisition date of the subsidiaries in accordance with IFRS 3. The fair value of the subsidiary on the acquisition date is deemed to represent the assumed consideration paid when determining the goodwill arising from the acquisition. The accounting principles are described in more detail in the note "Business combinations".

The material effects of the change in investment entity status on the consolidated income statement, consolidated balance sheet and consolidated cash flow are described below.

Consolidated income statement

The consolidated income statement for the period 1–6/2023 includes both the period 1–4/2023, during which the parent company, as an investment entity, recognised its investments at fair value through profit and loss, and the period 5–6/2023, during which the subsidiaries were consolidated line item by line item in accordance with the acquisition cost method. Consequently, the subsidiaries' income statements for the period 1–4/2023 have not been consolidated into the consolidated income statement line item by line item.

The change in the value of the investments during the period 1–4/2023 was the EUR -2.2 million reported in the Q1/2023 Business Review, and there were no changes in value in April 2023.

The Logistikas business is presented in the income statement as a discontinued operation in a single line. More information is provided in the note "Discontinued operations".

Consolidated balance sheet

After the date on which the investment entity status changed, subsidiaries have been consolidated into the consolidated balance sheet line item by line item in accordance with the acquisition cost method, and the parent company's investments previously recognised at fair value through profit and loss have been eliminated as shares in subsidiaries. The subsidiaries assets and liabilities on the date consolidation began are described in more detail in the note "Business combinations". A non-controlling interest was also created in consolidated equity in connection with the change of investment entity status.

Consolidated cash flow statement

The consolidated cash flow statement for the period 1–6/2023 includes both the period 1–4/2023, during which the cash flow statement consisted of the parent company's cash flow, and the period 5–6/2023, during which the subsidiaries were consolidated line item by line item. The subsidiaries' cash and cash equivalents on 1 May 2023 are included in cash flow from investing activities, as the change in the consolidation principle is treated as an IFRS 3 acquisition without paid cash consideration.

Consolidated income statement, IFRS

EUR million	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Net sales	**72.1**	**-**	**72.1**	**-**	**-**
Other operating income	0.6	-	0.6	-	-
Materials and services	-54.1	-	-54.1	-	-
Personnel expenses	-12.3	-0.3	-12.6	-0.6	-1.2
Other operating expenses	-6.8	-0.2	-7.1	-0.4	-0.9
Unrealised changes in fair values of investments	-	-1.9	-2.2	-4.2	-7.9
Depreciation, amortization and impairment	-6.1	-	-6.1	-0.1	-0.1
Operating profit/loss	**-6.5**	**-2.4**	**-9.3**	**-5.3**	**-10.1**
Financial income	0.3	-	0.3	-	-
Financial expenses	-2.9	-	-3.1	-0.1	-0.2
Profit before taxes	**-9.0**	**-2.4**	**-12.1**	**-5.4**	**-10.3**
Income taxes	1.3	0.5	1.9	1.1	2.1
Profit from continuing operations	**-7.7**	**-1.9**	**-10.1**	**-4.3**	**-8.2**
Profit from discontinued operations	4.8	-	4.8	-	-
Net profit for the period	**-3.0**	**-1.9**	**-5.4**	**-4.3**	**-8.2**
Distribution of the net profit for the period:					
Parent company shareholders	-1.2	-1.9	-3.6	-4.3	-8.2
Non-controlling interest	-1.7	-	-1.7	-	-
Earnings per share					
Continuing operations, EUR					
Undiluted	-0.1	-0.03	-0.14	-0.07	-0.14
Diluted	-0.1	-0.03	-0.14	-0.07	-0.14
Discontinued operations, EUR					
Undiluted	0.08	-	0.08	-	-
Diluted	0.08	-	0.08	-	-
Continuing and discontinued operations, EUR					
Undiluted	-0.02	-0.03	-0.06	-0.07	-0.14
Diluted	-0.02	-0.03	-0.06	-0.07	-0.14

Consolidated statement of comprehensive income, IFRS

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Net profit for the period	**-3.0**	**1.9**	**-5.4**	**-4.3**	**-8.2**
Comprehensive income items that may be later recognised through profit and loss					
Translation differences	0.1		0.1	-	-
Consolidated statement of comprehensive income, total	**-2.9**	**-1.9**	**-5.3**	**-4.3**	**-8.2**
Distribution					
Parent company shareholders	-1.1	-1.9	-3.5	-4.3	-8.2
Non-controlling interest	-1.7	-	-1.7	-	-

Consolidated balance sheet, IFRS

EUR million	30 Jun 2023	30 Jun 2022	31 Dec 2022
Assets			
Non-current assets			
Goodwill	37.7	-	-
Intangible assets	65.3	-	-
Property, plant and equipment	10.4	-	-
Right-of-use assets	93.3	0.2	0.1
Investments at fair value through profit and loss	-	105.8	102.4
Other financial assets	0.8	-	-
Deferred tax assets	5.2	3.5	4.5
Non-current assets, total	**212.7**	**109.6**	**107.0**
Current assets			
Inventories	111.8	-	-
Trade receivables	18.8	-	-
Accrued income and other receivables	7.3	0.0	0.1
Cash and cash equivalents	26.4	3.2	2.2
Current assets, total	**164.3**	**3.3**	**2.3**
Assets, total	**377.0**	**112.9**	**109.3**
Shareholders' equity and liabilities			
Equity attributable to equity holders of the parent company			
Share capital	15.2	15.2	15.2
Reserve for invested unrestricted equity	12.9	12.9	12.9
Translation differences	0.1	-	-
Retained earnings	53.4	61.1	57.1
Equity attributable to the owners of the parent company	**81.6**	**89.1**	**85.2**
Non-controlling interest	6.2	-	-
Total equity	**87.8**	**89.1**	**85.2**
Non-current liabilities			
Loans from financial institutions	45.5	10.0	9.9
Lease liabilities	64.7	0.1	-
Other non-current financial liabilities	2.5	4.6	4.8
Deferred tax liabilities	15.7	8.6	8.5
Non-current liabilities, total	**128.4**	**23.3**	**23.2**
Current liabilities			
Loans from financial institutions	45.7	-	-
Lease liabilities	28.7	0.1	0.1
Advances received	8.5	-	-
Trade and other liabilities	77.8	0.3	0.8
Current liabilities, total	**160.8**	**0.4**	**0.9**
Liabilities, total	**289.2**	**23.7**	**24.2**
Shareholders' equity and liabilities, total	**377.0**	**112.9**	**109.3**

Consolidated cash flow statement, IFRS

EUR million	1–6/2023	1–6/2022	1–12/2022
Cash flow from operating activities			
Net profit for the period	-5.4	-4.3	-8.2
Adjustments to the net profit for the period			
Depreciation	6.1	-	0.1
Financial income and expenses	2.7	0.1	0.2
Taxes	-1.9	-1.1	-2.1
Other adjustments	5.1	4.3	7.8
Changes in working capital	4.6	-0.6	-0.2
Purchase of investments	-	-1.3	-1.3
Interest received	-	-	-
Financial expenses paid	-2.2	-0.1	-0.2
Taxes paid	-0.4	-	-
Net cash flow from operating activities	**8.7**	**-3.0**	**-3.9**
Cash flow from investing activities			
Cash and cash equivalents of subsidiaries, 1 May 2023	16.3	-	-
Divestment of discontinued operations	11.9	-	-
Investments in tangible and intangible assets	-0.2	-	-
Sale of tangible and intangible assets	0.2	-	-
Net cash flow from investing activities	**28.1**	**-**	**-**
Cash flow from financing activities			
Proceeds from loans	1.9	4.5	14.4
Repayment of loans	-9.9	-	-10.0
Repayment of lease liabilities	-4.7	-0.1	-0.1
Dividends paid	-	-	-
Net cash flow from financing activities	**-12.6**	**4.4**	**4.3**
Change in cash and cash equivalents	**24.2**	**1.4**	**0.4**
Cash and cash equivalents at the beginning of the period	2.2	1.8	1.8
Cash and cash equivalents at the end of the period	**26.4**	**3.2**	**2.2**

Consolidated statement of changes in equity, IFRS

1–6/2023

EUR million	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total	Non-controlling interest	Total equity
	Attributed to equity holders of the parent						
Equity 1 Jan. 2023	**15.2**	**12.9**	**-**	**57.1**	**85.22**	-	**85.22**
Net profit for the period	-	-	-	-3.6	**-3.6**	-1.7	**-5.4**
Other comprehensive income items	-	-	0.1	-	**0.1**	-	**0.1**
Comprehensive income for the period	**-**	**-**	**0.1**	**-3.6**	**-3.5**	**-1.7**	**-5.3**
Change in investment entity status [1]	-	-	-	-	**-**	7.9	**7.9**
Equity 30 June 2023	**15.2**	**12.9**	**0.1**	**53.4**	**81.6**	**6.2**	**87.8**

(1) See the note "Business combinations"

1–6/2022

EUR million	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total	Non-controlling interest	Total equity
	Attributed to equity holders of the parent						
Equity 1 Jan. 2022	**15.2**	**12.9**	**-**	**65.4**	**93.5**	-	**93.5**
Net profit for the period	-	-		-4.3	**-4.3**	-	**-4.3**
Other comprehensive income items	-	-	-	-	**-**	-	**-**
Comprehensive income for the period	**-**	**-**	**-**	**-4.3**	**-4.3**	**-**	**-4.3**
Equity 30 June 2022	**15.2**	**12.9**	**-**	**61.1**	**89.1**	**-**	**89.1**

1–12/2022

EUR million	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total	Non-controlling interest	Total equity
	Attributed to equity holders of the parent						
Equity 1 Jan. 2022	**15.2**	**12.9**	**-**	**65.4**	**93.5**	**-**	**93.5**
Net profit for the period	-	-	-	-8.2	**-8.2**	-	**-8.2**
Other comprehensive income items	-	-	-	-	**-**	-	**-**
Comprehensive income for the period	**-**	**-**	**-**	**-8.2**	**-8.2**	**-**	**-8.2**
Share-based incentive schemes	-	-	-	-0.1	**-0.1**	-	**-0.1**
Equity 31 December 2022	**15.2**	**12.9**	**-**	**57.1**	**85.2**	**-**	**85.2**

Business combinations

Accounting principles

KH Group deems that it ceased to be an investment entity on 1 May 2023 and, from that date onwards, has consolidated its subsidiaries into the consolidated financial statements by applying the IFRS 3 acquisition method of accounting. Previously, subsidiaries were measured at fair value through profit and loss in accordance with IFRS 10. The date on which the investment entity status changed, 1 May 2023, is considered to be the acquisition date in accordance with IFRS 3, and the fair value on the acquisition date of a subsidiary, less deferred taxes related to unrealized changes in value, is deemed to represent the assumed consideration paid when determining the goodwill arising from the acquisition. More detailed consolidation principles are presented below.

The Group consists of the parent company and all companies in which KH Group exercises control. KH Group is deemed to exercise control when KH Group is exposed to the variable returns of a target company or has rights to the variable returns of a target company, and it has the ability to affect those returns by exercising control over the target company.

All intra-group transactions, receivables and liabilities, as well as gains and losses from transactions between subsidiaries, are eliminated as part of the consolidation process. Non-controlling interests in subsidiaries are presented in the consolidated balance sheet as part of equity, separately from the equity attributable to the shareholders. The non-controlling interests' share of the net profit for the period is separately indicated in the consolidated income statement. The goodwill arising from the acquisition of foreign units and fair value adjustments made in connection with the acquisition of the foreign units in question are treated as assets and liabilities of the foreign units in question and translated into euros at the exchange rate on the financial statements date.

Intra-group shareholdings are eliminated using the acquisition method of accounting. Acquisition cost includes, in addition to the consideration transferred, the fair value of issued shares and any liabilities acquired. For each acquisition, the non-controlling interest can be recognized at either fair value or as a relative share of the net assets of the acquiree. Acquisition cost exceeding the fair value of the acquiree's net assets is recognized as goodwill. If the acquisition cost is lower than the fair value of the net assets acquired by the Group, the difference is recognized directly in the consolidated income statement.

In significant business combinations, the Group uses an external advisor in determining the fair values of acquired assets and liabilities. Where possible, the fair values of acquired assets and liabilities are determined in accordance with their available market values. If market values are not available, the measurement is based on the estimated revenue-generating capacity of the asset item and its future purpose in KH Group Plc's business operations. In particular, the measurement of intangible assets is based on the present values of future cash flows, and this requires management estimates on future cash flows, discount rates and the use of the assets.

Business combinations during the review period

Following the cessation of KH Group Plc's investment entity status on 1 May 2023, the following subsidiaries and all their respective subsidiaries were combined with KH Group:

- Indoor Group Holding Oy
- KH-Koneet Group Oy
- Nordic Rescue Group Oy
- HTJ Holding Oy

The fair values of the components of the consideration paid, the acquired assets and liabilities, and goodwill at the time of the acquisition are presented in the table below:

EUR million	Indoor Group	KH-Koneet	Nordic Rescue Group	HTJ	Total
Acquired interest	58.3%	100.0%	68.1%	100.0%	
Assets					
Trademarks	45.0	0.0	3.9	0.0	48.9
Customer relationships	0.0	7.9	0.0	6.2	14.1
Other intangible assets	0.7	0.1	0.8	0.0	1.6
Tangible assets	4.9	6.5	0.3	0.3	12.1
Right-of-use assets	53.0	39.0	1.5	1.8	95.3
Non-current receivables and investments	0.1	0.2	0.0	0.5	0.8
Deferred tax assets	2.1	0.0	0.0	0.0	2.1
Inventories (1)	36.2	81.9	5.4	0.0	123.6
Trade and other receivables	2.2	16.2	6.5	3.6	28.4
Cash and cash equivalents	11.1	2.6	1.6	1.1	16.3
Assets, total	**155.3**	**154.4**	**19.9**	**13.6**	**343.2**
Liabilities					
Interest-bearing liabilities	36.9	31.2	13.1	8.9	90.1
Lease liabilities	53.0	39.0	1.5	1.8	95.3
Deferred tax liabilities	12.1	3.6	1.0	1.2	17.9
Trade and other liabilities	31.8	39.6	7.8	5.8	84.9
Liabilities, total	**133.6**	**113.5**	**23.4**	**17.8**	**288.1**
Identifiable net assets, total	**21.7**	**40.9**	**-3.4**	**-4.2**	**55.1**
Consideration paid					
Fair value of the investment less unrealized deferred taxes	30.0	36.9	3.1	9.5	79.5
Liability on the share of non-controlling interest	0.0	4.3	0.0	0.9	5.2
Total consideration paid	**30.0**	**41.2**	**3.1**	**10.5**	**84.8**
Non-controlling interests	9.0	0.0	-1.1	0.0	7.9
Goodwill arising from acquisitions	**17.4**	**0.2**	**5.5**	**14.6**	**37.7**
Cash flow effect					
Cash and cash equivalents acquired	11.1	2.6	1.6	1.1	16.3
Cash flow effect, total	**11.1**	**2.6**	**1.6**	**1.1**	**16.3**

(1) For KH-Koneet and Indoor Group the value of inventories includes in total EUR 20,6 million in fair value allocation based on a presumed margin, which will be recognized as an expense in 2023.

Goodwill on consolidation amounted to EUR 37.7 million, representing human resources and other intangible assets for which the criteria for recognition were not met. Recognized goodwill is not tax-deductible. Indoor

Group's trademarks are considered to have an indefinite useful life and will be subject to annual impairment testing in the future.

KH Group Plc and the minority shareholders of KH-Koneet and HTJ have agreed on a mutual right to complete a transaction concerning all of the shares in the subsidiaries held by the minority shareholders if certain conditions are met. Therefore, the sub-groups in question are presented as if KH Group Plc had a 100% holding and the non-controlling interests are presented as liabilities at fair value through profit and loss.

The effects of the business combinations on consolidated net sales and profit are presented in the segment note. The effect on net sales and profit if the subsidiaries had been consolidated from the beginning of the financial year is presented in the pro forma information.

Discontinued operations

On 30 June 2023, KH Group announced it had signed an agreement on the sale of its Logistikas business to the Swedish logistics company Logent AB. The transaction was signed and completed simultaneously.

KH Group's holding in Logistikas was 66.5%, and its share of the purchase price, after the deduction of net debt and transaction costs, is approximately EUR 11.9 million, including the purchase price for the shares and for the receivables from Logistikas Oy related to dividend and capital distribution in conjunction with the transaction. The final purchase price will be determined on the basis of Logistikas Oy's balance sheet on 30 June 2023 and any adjustments to the purchase price will be paid during the third quarter.

Logistikas was deemed to meet the IFRS 5 criteria for an non-current asset held for sale at date of the change in investment entity status on 1 May 2023, which was the company's acquisition date in accordance with IFRS 3. Consequently, the Logistikas business was classified as a discontinued operation during the review period, as it was, under IFRS 5, acquired exclusively with a view to resale.

Continuing and discontinued operations are presented separately in the consolidated income statement. The comparison figures have not been restated, as Logistikas Oy's profit had not been consolidated into the Group before the change of investment entity status on 1 May 2023. The discontinued operation's result for the period 1 January–30 June 2023 includes the capital gain of EUR 4.5 million arising from the transaction and the discontinued operation's profit of EUR 0.3 million for the review period.

EUR million	**30 Jun 2023**
Effect of the divestment on consolidated cash flow	
Cash consideration received (net)	11.9

EUR million	**30 Jun 2023**
Effect of the divestment on consolidated profit	
Consideration received (net)	11.9
Net assets (-)	7.4
Capital gain	**4.5**
Result of discontinued operations during the review period	0.3
Result from discontinued operations, total	**4.8**

Segment reporting and revenue

KH Group previously had only one operating segment, which was investment activity. Following the change in the company's strategy and the cessation of its investment entity status, the segments have been redefined effective from 1 May 2023.

KH Group's continuing operations' business segments and reporting segments are Indoor Group, KH-Koneet, Nordic Rescue Group and HTJ. The CEO, as the chief operative decision-maker of KH Group, is responsible for allocating resources to the businesses and assessing their results. The operating segments have been identified on the basis of KH Group's organizational structure, in which majority-owned companies are managed separately because they produce different products and services.

- KH-Koneet sells and rents out a comprehensive range of machinery, equipment and services for needs related to earthworks, property maintenance and material handling. The segment's revenue consists of the sale of machinery and spare parts, the sale of maintenance and repair services, and the rental of machinery. Revenue from the sale of goods is recognized at a point in time at the time of delivery when control over the product is transferred to the customer. Revenue from the sale of services is recognized at a point in time when the service has been performed and control has been transferred to the customer. The machinery rental business is considered operational leasing subject to IFRS 16, with the lessor's revenue being recognized over time so that the consideration stipulated by the lease being linked to the lease term and recognized for each period relative to the duration of the customer's lease.

- Indoor Group consists of the Asko and Sotka chains' retail operations for furniture and interior decoration products, and the furniture factory Insofa. The segment's revenue consists of the sale of goods and services through physical retail locations and online stores. Revenue from the sale of goods is recognized at a point in time at the time of delivery when control over the product is transferred to the customer. Service sales consist of product delivery, assembly, installation and the removal of old products. Revenue from the sale of services is recognized at a point in time when the service has been performed and control has been transferred to the customer.

- Nordic Rescue Group manufactures and distributes rescue vehicles in the Nordic countries. The segment's revenue consists of the sale of rescue vehicles and related maintenance and repair services. Revenue from the sale of vehicles is recognized at a point in time at the time of delivery when control over the product is transferred to the customer. Revenue from the sale of services is recognized at a point in time when the service has been performed and control has been transferred to the customer.

- HTJ provides its customers with a wide range of expert services in construction management, site supervision, energy and environmental consulting and project management. The segment's services are tailored to each customer, and HTJ, as a rule, has a contractual right to receive payment for customized services performed as of the date of assessment. Revenue is recognized over time on the basis of the time spent on the work, as control is deemed to be transferred to the customer as the service is performed for the customer.

At the Group level, the assessment of the segments' performance is based on the segment's net sales from customers outside the Group, as well as their comparable EBITDA and comparable EBIT. A segment's assets and liabilities are such items that the segment uses in its business operations or that can be justifiably allocated to the segment.

The segments are reported in a manner that is consistent with the internal reporting delivered to the chief operative decision-maker, and the same recognition and measurement principles are used in reporting and the consolidated financial statements. Non-allocated items consist of the result of the parent company KH Group Plc's operations, which primarily involve administrative expenses. Transactions between segments are carried out at arm length's basis. There were no significant transactions between the segments during the review period.

Segments KH-Koneet, Indoor Group, Nordic Rescue Group and HTJ were formed 1.5.2023 when the investment entity status changed, thus the income statements of those segments during the reporting period include only the period 1.5. -30.6.2023.

Continuing operations 1-6/2023 **EUR million**	**KH-Koneet**	**Indoor Group**	**Nordic Rescue Group**	**HTJ**	**Non-allocated**	**Group**
Net sales	**30.3**	**29.8**	**7.2**	**4.9**	**0.0**	**72.1**
Net sales share, %	42%	41%	10%	7%	0%	100%
EBITDA	**-0.1**	**-1.2**	**1.0**	**0.7**	**-3.6**	**-3.2**
Depreciation	-2.1	-3.5	-0.2	-0.2	-0.1	-6.1
EBIT	**-2.3**	**-4.7**	**0.7**	**0.6**	**-3.7**	**-9.3**
Financial items, net	-1.4	-0.7	-0.3	-0.1	-0.3	-2.7
Profit before taxes	**-3.7**	**-5.4**	**0.5**	**0.5**	**-3.9**	**-12.1**
Comparable EBITDA (1)	3.5	2.7	1.0	0.7	-3.6	4.2
Comparable EBIT (1)	1.4	-0.8	0.9	0.6	-3.7	-1.6
Assets, 30 June 2023	**143.3**	**160.5**	**26.4**	**29.1**	**17.8**	**377.0**
Interest-bearing net debt, 30 June 2023	**65.8**	**72.6**	**14.7**	**9.7**	**1.4**	**164.2**

(1) Information about the comparable key figures are presented later in the sections "Alternative performance measures" and "Reconcilation of key indicators".

Financial assets and liabilities

The table below shows the book values, measurement categories and fair value hierarchy of the Group's financial assets and liabilities. For assets and liabilities that are not recognized at fair value through profit and loss, the book value corresponds materially to the fair value.

Financial assets and liabilities classified at fair value hierarchy level 3 consist of unquoted equity investments and liabilities related to the redemption of minority interests recognized in connection with acquisitions.

The measurement of equity investments is based on the management's estimate of future cash flows, and the measurement of liabilities related to the redemption of minority interests is based on the amounts specified in purchase agreements and the management's case-by-case assessment of whether the redemption will take place.

EUR million	Fair value hierarchy	30 Jun 2023	31 Dec 2022
Non-current financial assets			
Financial assets recognized at fair value through profit and loss			
Unlisted shares (shares in subsidiaries)	3	0.0	102.4
Financial assets recognized at amortized cost			
Other non-current financial assets	2	0.8	0.0
Non-current financial assets, total		**0.8**	**102.4**
Current financial assets			
Financial assets recognized at amortized cost			
Trade receivables	2	18.8	0.0
Cash and cash equivalents	2	26.4	2.2
Current financial assets, total		**45.2**	**2.2**
Financial assets, total		**46.0**	**104.6**
Non-current financial liabilities			
Financial liabilities recognized at fair value through profit and loss			
Liabilities to non-controlling interests	3	2.1	4.8
Financial liabilities recognized at amortized cost			
Loans from financial institutions	3	45.5	9.9
Lease liabilities	2	64.7	0.0
Other non-current financial liabilities	2	0.2	0.0
Non-current financial liabilities, total		**112.6**	**14.7**
Current financial liabilities			
Financial liabilities recognized at fair value through profit and loss			
Liabilities to non-controlling interests	3	3.1	0.0
Financial liabilities recognized at amortized cost			
Loans from financial institutions	3	45.7	0.0
Lease liabilities	2	28.7	0.1
Trade payables	2	43.5	0.3
Current financial liabilities, total		**121.0**	**0.4**
Financial liabilities, total		**233.5**	**15.1**

Level 1: The fair value is determined on the basis of quoted market prices.

Level 2: The fair value is determined by using valuation methods. The fair value refers to the value that is observable from the market value of components of the financial instrument or corresponding financial instruments; or the value that is observable by using measurement models and techniques that are commonly accepted in the financial markets, if the market value can be measured reliably by using them.

Level 3: The fair value is determined by using valuation methods in which the inputs used have a significant effect on the recognized fair value, and these inputs are not based on observable market data.

Transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise joint control or significant influence over the other party in making financial and operating decisions.

The Group's related parties include its subsidiaries and key management personnel. Key management personnel include the members of the Board of Directors, the CEO, the other members of the Group Management Team, and their close family members. In addition, the related parties include owners that exercise control or significant influence in KH Group, and companies in which they have control.

Items and transactions between the parent company and subsidiaries have been eliminated in the consolidated financial statements, and they are not presented as transactions with related parties. The Group did not have any transactions with related parties during the review period. Previously, under its status as an investment entity, KH Group reported loans to subsidiaries as transactions with related parties.

Off-balance sheet liabilities and loan covenants

Business mortgages, EUR million	**30 June 2023**	**31 Dec. 2022**
KH-Koneet	47.2	47.2
Indoor Group	65.5	65.5
HTJ	10.0	10.0
Nordic Rescue Group	14.7	14.7
Logistikas (presented as a discontinued operation)	-	13.0
Parent company	-	-
Group, total	**137.4**	**150.4**

At the end of the review period, the parent company had a bank loan of EUR 10.0 million. The loan agreement included a financial covenant that was met at the end of the review period. The bank loan was repaid in full after the review period, at the beginning of July, using the cash proceeds obtained from the divestment of Logistikas. Following the repayment of the loan, the Group's parent company has no loans from financial institutions.

Due to Indoor Group's weak financial performance, it did not meet the financial covenants of its financing agreement as of June 2023, which is why the loans are presented under current liabilities. After the end of the review period, Indoor Group has continued negotiations with the financing provider regarding both the deviation from the covenant terms and the adjustment of the financing agreement to better correspond to the company's needs and business prospects.

Alternative Performance Measures

KH Group adheres to the guidelines issued by the European Securities and Markets Authority (ESMA) concerning Alternative Performance Measures (APM) when reporting certain other widely used performance measures in addition to IFRS performance measures. The accounting principles for these alternative performance measures are not defined in the IFRS standards. Consequently, they may not be fully comparable with the alternative performance measures presented by other companies.

KH Group believes that presenting alternative performance measures provides the users of the financial statements with better insight into the Group's financial performance, profitability and financial position. Comparable EBITDA and comparable operating profit (EBIT) are used to follow the profitability of the business in order to improve the comparability between the periods. Other alternative performance measures used by the company include return on equity (%), return on capital employed (%), gearing (%), equity ratio (%) and equity per share. All of the alternative performance measures and their comparison figures are calculated consistently between reporting periods unless otherwise mentioned.

Items affecting comparability

In its financial statements, the Group presents items that affect the comparability of EBITDA and operating profit (EBIT) in different reporting periods. From the Group's perspective items affecting comparability must be exceptional and outside the course of ordinary business. The consolidation of subsidiaries resulting from the change in investment entity status had the following impact on the Group's result for the review period through the introduction of the acquisition method of accounting:

- When the acquisition method was introduced, the Group's inventories were measured at fair value rather than cost, resulting in a higher than ordinary inventory level measured in euros. As a result of this method, the Group's material and service costs do not correspond to the ordinary level for fiscal year 2023.
- In connection with the introduction of the acquisition method of accounting, trademarks and customer relationships were recorded in the Group's balance sheet. Depreciation of these assets leads to the Group's depreciation level being non-ordinary during their depreciation period.

KH Group considers that adjusting these items will give users of the financial statements a better picture of the Group's profitability and financial performance.

The Group's key indicators

EUR million	1–6/2023	1–6/2022	1–12/2022
Net sales	72.1	-	-
EBITDA	-3.2	-5.3	-10.0
EBITDA, %	-4.5%	-	-
Comparable EBITDA	4.2	-5.3	-10.0
Comparable EBITDA %	5.9 %	-	-
Operating profit (EBIT)	-9.3	-5.3	-10.1
Operating profit (EBIT), %	-12.9%	-	-
Comparable EBIT	-1.6	-5.3	-10.1
Comparable EBIT %	-2.2 %	-	-
Return on equity, %, rolling 12 months	-10.5%	3.5%	-9.2%
Return on capital employed, %, rolling 12 months	-7.2%	1.9%	-10.0%
Gearing, %	187,1 %	13.0%	14.9%
Gearing, excluding lease liabilities, %	80.6%	12.8%	14.7%
Equity ratio, %	23.8%	79.0%	77.9%
Personnel, average	1,326	6	5
Personnel, average, comparable [(1)]	1,326	1,345	1,265
Earnings per share, EUR, undiluted	-0.06	-0.07	-0.14
Earnings per share, EUR, diluted	-0.06	-0.07	-0.14
Shareholders' equity per share, EUR	1.51	1.53	1.47
Lowest share price, EUR	0.95	1.23	1.00
Highest share price, EUR	1.21	1.99	1.99
Share price at the end of the period, EUR	1.06	1.26	1.18
Market capitalization at the end of the period, EUR million	61.6	73.2	68.4
Number of shares at the end of the period, 1,000	58,079	58,079	58,079
Average number of shares, undiluted, 1,000	58,079	58,079	58,079
Average number of shares, diluted, 1,000	58,079	58,146	58,124

(1) Change in investment entity status retrospectively taken into account in the comparable number of employees

Reconciliation of key indicators

EUR million	1–6/2023	1–6/2022	1–12/2022
Operating profit	**-9.3**	**-5.3**	**-10.1**
Depreciation, amortization and impairment	6.1	0.1	0.1
EBITDA	**-3.2**	**-5.3**	**-10.0**
Items affecting comparability (EBITDA)			
Fair value adjustment of inventories	7.5	0.0	0,0
Comparable EBITDA	**4.2**	**-5.3**	**-10.0**
Depreciation and impairment	-6.1	0.0	-0.1
Items affecting comparability (operating profit)			
Amortization of intangible assets arising from acquisitions	0.3	0.0	0.0
Comparable operating profit (EBIT)	**-1.6**	**-5.2**	**-10.1**
Profit before taxes, rolling 12 months	-16.9	1.7	-10.3
Financial expenses, rolling 12 months	-3.2	-0.1	-0.2
Equity at the beginning of the period	89.1	86.0	93.5
Interest-bearing liabilities, including lease liabilities, at the beginning of the period	14.8	0.3	5.6
Equity at the end of the period	87.8	89.1	85.1
Interest-bearing liabilities, including lease liabilities, at the end of the period	190.7	14.8	9.9
Return on capital employed (ROCE), %	**-7.2%**	**1.9%**	**-10.0%**
Net profit for the period, rolling 12 months	-9.3	3.1	-8.2
Equity at the beginning of the period	89.1	86.0	93.5
Equity at the end of the period	87.8	89.1	85.1
Return on equity (ROE), %	**-10.5%**	**3.5%**	**-9.2%**
Total equity	87.8	89.1	85.1
Balance sheet total	377.0	112.9	109.3
Advances received, including liabilities based on customer contracts	-8.5	0.0	0.0
Equity ratio, %	**23.8%**	**79.0%**	**77.9%**
Interest-bearing liabilities, including lease liabilities	190.7	14.8	14.7
Cash and cash equivalents	-26.4	-3.2	-2.2
Interest-bearing net liabilities	**164.3**	**11.6**	**12.6**
Lease Liabilities	-93.5	-0.2	-0.1
Interest-bearing net liabilities, excluding lease liabilities	**70.8**	**11.4**	**12.5**
Total equity	87.8	89.1	85.1
Gearing, %	**187.1%**	**13.0%**	**14.9%**
Gearing, excluding lease liabilities, %	**80.6%**	**12.8%**	**14.7%**

Alternative Performance Measures	Calculation formula	Purpose
Comparable EBITDA	Comparable operating profit (EBIT) + Depreciation, amortization and impairment	Comparable EBITDA is considered to provide a comparable view of the operating result as compared to previous periods.
EBITDA	EBIT + Depreciation, amortization and impairment	EBITDA is considered to provide an operative view of the business results.
Comparable operating profit (EBIT)	Operating profit - Items affecting comparability	Comparable operating profit EBIT is considered to provide a comparable view of the operating result as compared to previous periods.
Equity ratio, %	Total equity / (Balance sheet total - advances received) x 100	The equity ratio provides information on the debt financing used by the Group to finance its assets.
Interest-bearing liabilities	Loans from financial institutions + Lease liabilities + Other financial liabilities	The component is used in the calculation of gearing
Interest-bearing net liabilities	Interest-bearing liabilities - Cash and cash equivalents	Interest-bearing net liabilities illustrate the total amount of the Group's external debt financing
Gearing, %	Interest-bearing net liabilities / Total equity x 100	Gearing indicates the ratio of interest-bearing net debt to equity. It illustrates the company's capital structure.
Return on equity, %	Net profit for the period (rolling 12 months) / Total equity (average) x 100	The return on equity (ROE) percentage indicates how much return the company is able to generate on the equity invested in it by its owners.
Return on capital employed, %	(Profit before taxes + financial expenses) (rolling 12 months) / (Balance sheet total - non-interest-bearing liabilities) (average) x 100	The return on capital employed (ROCE) percentage indicates how much return the company is able to generate before taxes with the invested equity and financial liabilities in it.
Equity per share	Total equity / Number of shares at the end of the period	Equity per share indicates the amount of equity per share.

KH Group's Business Review for January–September 2023 will be published on 1 November 2023

Sievi Capital is now a conglomerate with a new name KH Group. Our four business areas are leading players in their sectors in B2B products and services and consumer trade. The objective of our strategy change is to focus on the business of the earth-moving machinery supplier KH-Koneet. KH Group's share is listed on Nasdaq Helsinki.