Q4/2023

KH Group Plc
Financial Statements Release

January–December 2023

21 March 2024

The first year after the change in strategy is now behind us

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 on 10 May 2023 following the change of the trade name.

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 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 financials 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 comparable 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 31 December 2023 had been consolidated into the income statement line item by line item for the periods 1 January–31 December 2022 and 1 January–31 December 2023.

The unaudited pro forma figures are based on the subsidiaries' audited financial statements for the financial years 2022 and 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 principles and reconciliation calculations between reported and pro forma figures. KH Group has not drawn up pro forma figures for balance sheet and cash flow items.

PROFITABILITY RETAINED IN A CHALLENGING MARKET

KH Group, October–December 2023 pro forma

- Net sales amounted to EUR 105.3 (114.3) million.
- Operating profit was EUR 4.7 (3.6) million.
- KH-Koneet's net sales decreased significantly year-on-year due to the weakened general market situation. Profitability was supported by operational efficiency improvement and the machinery leasing business.
- Indoor Group's net sales were nearly on a par with the corresponding period last year, and profitability improved when compared to the early part of the year.
- The Group's cash and cash equivalents amounted to EUR 11.1 million at the end of the review period
- Indoor Group and Nordic Rescue Group received follow-on investments to strengthen their financial position
- Indoor Group, KH-Koneet and HTJ agreed on changes to financing agreements after the end of the reporting period

January–December 2023

KH Group, January–December 2023 pro forma

- Net sales amounted to EUR 403.3 (428.9) million.
- Operating profit was EUR 11.7 (11.9) million.

KH Group, January–December 2023 IFRS

- Net sales amounted to EUR 270.6 (-) million. The figure includes net sales accumulated during the period 1 May–31 December 2023.
- Operating profit was EUR -14.4 (-10.1) million.
- Net profit for the period was EUR -14.4 (-8.2) million.
- Earnings per share (undiluted and diluted) were EUR -0.18 (0.14).
- Equity per share at the end of the review period was EUR 1.36 (1.47).
- Return on equity for rolling 12 months was -17.5% (-9.2%).
- Gearing at the end of the review period was 195.4% (9.2%).
- Gearing excluding lease liabilities was 116.7% (9.0%).

Proposal for the distribution of profit

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the past financial period. The profit distribution proposal of the Board of Directors takes into account the company's liquidity situation at the time of making the profit distribution proposal, expected cash flows during the new year and the investments required by the change in strategy.

CEO Lauri Veijalainen:

"First measure related to the change in strategy was the divestment of Logistikas in June 2023.

During the reporting period of October–December 2023, KH Group's pro forma net sales decreased year-on-year, while pro forma operating profit increased. The decrease in net sales was due to the significant slowing of the market for KH-Koneet's machinery dealership business. The demand for machinery rental has remained good, which contributed to profitability being higher than in the comparison period. Indoor Group's sales were on par with the previous year. Operating profit improved despite the fact that the furniture market is still struggling with cautious consumer demand. HTJ's development was hampered by the weakened business cycle in the construction sector, which slowed the growth of net sales and reduced profitability when compared to the reference period. HTJ's operations were supported by stable demand in the public sector, a good project portfolio and the acquisitions made during the two preceding years. Nordic Rescue Group's net sales and operating profit improved significantly year-on-year. Nordic Rescue Group's business is now on a much healthier foundation after it exited the loss-making rescue lift business in late 2022.

In 2024, we will continue our development efforts across our business areas, all of which are focused on operational efficiency, profitability and strengthening the balance sheet. 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 the reconciliation of pro forma figures with the reported figures are presented later in the report under “Pro forma financial figures”.

EUR million	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Net sales	105.3	114.3	403.3	428.9
Pro forma EBITDA [(1)]	**13.4**	**11.3**	**45.3**	**42.4**
EBITDA, %	12.8%	9.9%	11.2%	9.9%
Pro forma operating profit (EBIT)	**4.7**	**3.6**	**11.7**	**11.9**
Operating profit (EBIT) %	4.4%	3.1%	2.9%	2.8%
Pro forma profit before taxes	**0.6**	**1.4**	**-0.8**	**4.3**

(1) EBITDA = operating profit + depreciation and amortisation

KH Group, October–December 2023, pro forma

KH Group’s pro forma net sales amounted to EUR 105.3 (114.3) million, representing a year-on-year decrease of 8%. Net sales increased in Indoor Group, but decreased in KH-Koneet, HTJ and Nordic Rescue Group. Operating profit for the review period was EUR 4.7 (3.6) million. Operating profit rose to 4.4% of net sales. All of the business areas reported a positive operating profit. The parent company's share of the operating profit for the review period was EUR -0.6 (-0.8) million. The 2023 figures for pro forma profit before tax include a valuation change of EUR -2.1 million recognised in the parent company in December in relation to redemption liabilities for minority interests in KH-Koneet and HTJ.

KH Group, January–December, pro forma

KH Group’s net sales decreased by 6% to EUR 403.3 (428.9) million. Net sales decreased in KH-Koneet and Indoor Group, and increased in HTJ and Nordic Rescue Group. Operating profit was positive in all business segments. Of the businesses, Nordic Rescue Group improved its operating profit year-on-year and its profitability turned positive by a clear margin. The parent company’s share of the operating profit for the review period was EUR -2.9 (-2.2) million. The increase in the parent company’s operating expenses was attributable to project expenses associated with the change in strategy, which totalled EUR -0.8 million for the review period.

Segments

KH-Koneet

Pro forma key figures

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

EUR million	**10–12/2023**	**10–12/2022**	**1–12/2023**	**1–12/2022**
Net sales	39.1	48.0	152.3	182.1
Pro forma EBITDA [1]	**6.1**	**5.4**	**20.5**	**20.5**
EBITDA, %	15.6%	11.3%	13.4%	11.3%
Pro forma operating profit (EBIT)	**3.2**	**2.8**	**9.0**	**10.5**
Operating profit (EBIT) %	8.1%	5.9%	5.9%	5.8%

(1) EBITDA = operating profit + depreciation and amortisation. The most significant difference between the 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.

KH-Koneet has specified its IFRS accounting policies related to the machinery rental business, in which the Group finances the fleet with a sale and leaseback arrangement with a financing company. The effect of the change in the accounting policy on net sales was EUR -13.2 (-12.3) million for the period 1–12/2023 and EUR -1.9 (-3.8) million for the period 10–12/2023. The effect on operating profit was EUR -0.9 (-0.7) million for the period 1–12/2023 and EUR -0.1 (-0.2) million for the period 10–12/2023.

The weakness of the construction sector was heavily reflected in KH-Koneet Group’s result for Q4. Net sales amounted to EUR 39.1 million, which represents a year-on-year decrease of 18%. Net sales decreased by approximately 22% in Finland and by 14% in Sweden. Euro-denominated and relative operating profit improved year-on-year in both operating countries.

The improvement in financial performance during the reporting period reflects the increased relative share of after-sales services and rental services, which are less susceptible to market fluctuations. Fixed expenses also decreased in both operating countries thanks to efficiency improvement measures. Profitability was also supported by machinery supplied from the company's own sales inventory, which had a lower balance sheet value than the prevailing purchase prices in the market. During the period, KH-Koneet reduced its working capital tied up in inventory by almost EUR 5 million.

Indoor Group

Pro forma key figures

The accounting principles applied in preparing the pro forma figures and the reconciliation of pro forma figures with the reported figures are presented later in the report under "Pro forma financial figures". Indoor Group reports its figures according to IFRS, and the pro forma figures presented in this financial review correspond to the figures reported by the company.

EUR million	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Net sales	48.1	47.1	186.3	192.2
Pro forma EBITDA (1)	**6.0**	**4.8**	**21.8**	**20.3**
EBITDA, %	12.5%	10.1%	11.7%	10.6%
Pro forma operating profit (EBIT)	**0.6**	**-0.1**	**1.0**	**1.0**
Operating profit (EBIT) %	1.2%	-0.2%	0.6%	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 80 stores and online stores in Finland. The decision was made to discontinue Indoor Group's operations in Estonia at the end of 2023.

Indoor Group's market environment continues to be characterised by the sharp rise in interest rates, inflation and cautious purchasing behaviour by consumers, which have been negatively reflected in Indoor Group's demand. Asko's sales turned to slight growth during the review period. Sotka's development has remained positive, also with regard to online sales. 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 began to actively optimise its inventory in early 2022, which has had a positive effect on cash flow. The company decided to close down its Estonian operations in late 2023. There were three Asko stores in Estonia. The Sotka stores in Estonia were closed earlier in 2023.

The company's pro forma net sales increased by 2% year-on-year in October–December, and pro forma operating profit improved by EUR 0.7 million. The gross margin percentage also improved year-on-year. Indoor Group's fixed expenses decreased slightly year-on-year, mainly due to lower personnel expenses. IFRS expenses recognised during the review period in connection with the ERP project amounted to EUR -0.6 million, which was on par with the comparison period. The deployment of the ERP system began in the fourth quarter of 2023 and it will be completed during the first half of 2024.

At the end of December, the company's cash and cash equivalents amounted to EUR 8.6 (5.8) million, and the company's revolving credit facility of EUR 9.0 million was completely undrawn. The company met the financial covenants of its financing agreement on 31 December 2023. Indoor Group renewed its financing agreement after the end of the review period.

KH Group and the other shareholders made a follow-on investment totalling EUR 2.8 million in Indoor Group to strengthen its balance sheet position. The follow-on investment was made in December 2023 and it was used for the early repayment of interest-bearing liabilities.

During the new year, the company will continue to implement measures aimed at improving profitability. These measures will include enhancing marketing and optimising the store network, for example. The product range and sales planning will also be developed to better correspond to demand.

HTJ

Pro forma key figures

EUR million	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Net sales	6.6	6.7	26.3	23.1
Pro forma EBITDA [(1)]	**0.8**	**1.2**	**3.3**	**3.4**
EBITDA, %	11.9%	17.7%	12.4%	14.9%
Pro forma operating profit (EBIT)	**0.6**	**1.0**	**2.6**	**2.8**
Operating profit (EBIT) %	9.4%	15.3%	9.8%	12.2%

(1) EBITDA = operating profit + depreciation and amortisation. The most significant difference between the 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.

The operating environment in construction remained weak in the fourth quarter. The total construction volume was lower than in the previous year, and the financing environment remained tight, which hindered the start of new projects. However, public sector and infrastructure construction, which are important segments for HTJ, were relatively more stable, also during the latter part of the year. Customer accounts in the public sector represented over 60% of HTJ's net sales in 2023, and the share of consulting related to new residential construction was low. Tendering activity was high and HTJ signed several framework agreements that increase visibility for the coming years. The order book at the end of the year amounted to EUR 26.9 million, which is approximately EUR 2.0 million higher than the previous year.

Net sales for the review period came to EUR 6.6 million, which was slightly below the level of the comparison period. Net sales were particularly affected by sickness-related absences being higher than in the previous year, which led to a lower invoicing rate. Due to the lower net sales, EBITDA was below the strong level seen in the previous year, but operating profit remained at a good level. HTJ's operating profit was EUR 0.6 million and the operating profit margin was 9.4%, which was slightly lower than the level at the start of the year. Full-year net sales for 2023 increased by 14% year-on-year.

The company will continue to grow and develop its business in line with its strategy. The results of the customer and employee satisfaction surveys carried out in the latter part of the year indicated that HTJ has a strong reputation among customers and the company is a highly sought-after employer for experts in the field of construction. The strong reputation supports business growth, which is pursued by expanding the regional service range, in energy and environmental services, and through acquisitions.

Nordic Rescue Group

Pro forma key figures

The accounting principles applied in preparing the pro forma figures and the reconciliation of pro forma figures with the reported figures are presented later in the report under "Pro forma financial figures".

EUR million	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Net sales	11.4	12.5	38.3	31.5
Pro forma EBITDA (1)	**1.1**	**0.8**	**2.5**	**0.3**
EBITDA, %	9.5%	6.1%	6.6%	0.8%
Pro forma operating profit (EBIT)	**0.9**	**0.6**	**1.9**	**-0.2**
Operating profit (EBIT) %	8.1%	5.0%	5.0%	-0.7%

(1) EBITDA = operating profit + depreciation and amortisation. The most significant difference between the 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.

The market for rescue vehicles in Finland and Sweden remained stable during the fourth quarter. In Finland, the responsibility for organising rescue services was transferred to the newly established wellbeing services counties at the beginning of 2023, and the demand for rescue vehicles remained at a good level. The challenges associated with the availability of chassis and components, which previously complicated production planning, have eased for the most part. During the review period, the company continued to take measures to improve production efficiency, develop maintenance operations and promote exports. The deployment of part fabrication and a product information system are aimed at shortening turnaround times in production. Tendering activity has been high in the export business, and the maintenance business has grown steadily.

Nordic Rescue Group's net sales for the fourth quarter amounted to EUR 11.4 million, which was 9% lower than the comparable pro forma net sales in the previous year. However, profitability improved substantially and operating profit came to EUR 0.9 million. The improvement in profitability was mainly due to the lower cost level of the parent company Nordic Rescue Group Oy and the good profitability of Sala Brand. Full-year net sales and operating profit in 2023 increased substantially relative to the comparable pro forma figures for 2022.

NRG's balance sheet position was strengthened in December by capitalisation of EUR 0.5 million, to which KH Group and NRG's other shareholders made a commitment in connection with the renewal of a financing agreement in May 2023. KH Group's share of the capitalisation was EUR 0.25 million. KH Group Plc and the other shareholders have also made a commitment for a further follow-on investment of EUR 1.0 million by June 2024 at the latest.

The company exited the rescue lift manufacturing business in December 2022 when Vema Lift filed for bankruptcy. The parent company Nordic Rescue Group is the largest creditor of Vema Lift's bankruptcy estate. In 2023, a disbursement of EUR 0.5 million was received of Nordic Rescue Group's estimated EUR 1.5 million share of receivables from the bankruptcy estate. The remaining receivable, which is estimated to amount to EUR 1.0 million on the financial statements date, awaits the next stages of the liquidation proceedings.

Saurus and Sala Brand enter 2024 from a good starting point, as the production capacity for the year is almost fully sold out. This provides a solid foundation for profitable business and focusing on the improvement of production efficiency.

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 in June 2023. Logistikas' figures and the capital gain recognised on the sale by the parent company are not included in the pro forma figures for the review period. The effects of the sale on the consolidated profit and cash flow are described in more detail in the notes to the financial statements.

Financial position and cash flow

KH Group's balance sheet total on 31 December 2023 was EUR 347.7 (109.3) million. The equity ratio was 23.2% (77.9%) and gearing was 195.4% (9.2%). Excluding lease liabilities, gearing was 116.7% (9.0%). These balance sheet indicators are not comparable due to the change in reporting.

The parent company took out a credit facility of EUR 2.45 million during the review period. The loan was used to finance follow-on investments in Indoor Group and Nordic Rescue Group, amounting to EUR 2.1 million and EUR 0.25 million respectively.

The Group's cash and cash equivalents totalled EUR 11.1 million at the end of the review period. After the review period, Indoor Group, KH-Koneet and HTJ agreed on changes to financing agreements with their financing providers. Of the loans from financial institutions presented under current liabilities on the financial statements date, a total of EUR 11.4 million was changed to be amortised after 2024. KH Group's and the other principal owner's shares of the previously agreed-upon follow-on investment in Nordic Rescue Group total EUR 1.0 million. The follow-on investments will be made by the end of June 2024. The follow-on investments will strengthen Nordic Rescue Group's balance sheet position. At the closing date, a remaining estimated receivable from the bankruptcy estate of Vema Lift of EUR 1.0 million is awaiting the next stages of the liquidation proceedings. Indoor Group met the financial covenants of its financing agreement in December 2023.

Net cash flow from operating activities amounted to EUR 22.7 (-3.9) million, net cash flow from investing activities to EUR 26.9 (-) million and net cash flow from financing activities to EUR -40.7 (4.3) 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 net cash consideration of EUR 11.8 million received for the sale of Logistikas.

Personnel

Personnel, average	**31 Dec. 2023**	**31 Dec. 2022**
KH-Koneet	201	198
Indoor Group (1)	702	744
HTJ	217	200
Nordic Rescue Group (2)	111	117
Parent company	6	6
Group, total	**1,237**	**1,265**

[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 15,178,568 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 31 December 2023, KH Group had a total of 11,857 (13,097) 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 0.73 and the trade-weighted average price was EUR 0.94. At the end of the review period, the closing price was EUR 0.81 and the market capitalisation was EUR 47.3 (68.4) million. The number of the company's shares traded on Nasdaq Helsinki during the review period was 14.3 (27.1) million, which represented 24.7% (46.7%) 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 and 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 was reported in the Q2/2023 Interim Report 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 in the coming years are intended to be used for acquisitions supporting KH-Koneet Group, the development of other business areas, 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 of operations. 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 consists 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

After the review period, Indoor Group, KH-Koneet and HTJ agreed with their financing provider on changes to financing agreements. Of the loans from financial institutions presented under current liabilities on the financial statements date, a share of EUR 11.4 million was changed to be amortised after 2024, and the covenant terms were updated, taking into account the present financial situation and future outlook.

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 regarding other business areas. Exit planning and the assessment of exit opportunities for the other business areas will also continue.

KH Group estimates, with the current Group structure, to reach net sales of EUR 400-420 million and operating profit of EUR 14-16 million

Vantaa, 20 March 2024
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 investment entity status had taken place on 1 January 2022, and the companies that were part of the group structure on 31 December 2023 had been consolidated into the income statement line item by line item for the periods 1 January–31 December 2022 and 1 January–31 December 2023.

The unaudited pro forma figures are based on the subsidiaries' audited financial statements for the financial year 2022 and 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 drawn up in compliance with the IFRS standards. The historical financial figures of KH-Koneet, Nordic Rescue Group and HTJ were drawn up 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, Nordic Rescue Group subsidiary Vema Lift Oy, which filed for bankruptcy in 2022 and KH-Koneet sale and leaseback revenue.
- EBITDA has been adjusted to eliminate the aforementioned discontinued operations, changes in the fair value of the parent company's investments in subsidiaries, the effect of KH-Koneet's sale and leaseback activities, and lease expenses recognised in FAS accounting, which are not recognised 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 has 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 10–12/2023	Pro forma 10–12/2022	Pro forma 1–12/2023	Pro forma 1–12/2022
Net sales				
KH-Koneet	39.1	48.0	152.3	182.5
Indoor Group	48.1	47.1	186.3	192.2
Nordic Rescue Group	11.4	12.5	38.3	31.5
HTJ	6.6	6.7	26.3	23.1
Non-allocated	-	-	-	-
Group	**105.3**	**114.3**	**403.3**	**428.9**

EUR million	Pro forma 10–12/2023	Pro forma 10–12/2022	Pro forma 1–12/2023	Pro forma 1–12/2022
EBITDA				
KH-Koneet	6.1	5.4	20.5	20.5
Indoor Group	6.0	4.8	21.8	20.3
Nordic Rescue Group	1.1	0.8	2.5	0.3
HTJ	0.8	1.2	3.3	3.4
Non-allocated	-0.6	-0.8	-2.7	-2.1
Group	**13.4**	**11.3**	**45.3**	**42.4**
EBITDA %				
KH-Koneet	15.6%	11.3%	13.4%	11.3%
Indoor Group	12.5%	10.1%	11.7%	10.6%
Nordic Rescue Group	9.5%	6.1%	6.6%	0.8%
HTJ	11.9%	17.7%	12.4%	14.9%
Non-allocated	-	-	-	-
Group	**12.8%**	**9.9%**	**11.2%**	**9.9%**
Depreciation				
KH-Koneet	-2.9	-2.6	-11.5	-10.0
Indoor Group	-5.5	-4.8	-20.7	-19.3
Nordic Rescue Group	-0.2	-0.1	-0.6	-0.5
HTJ	-0.2	-0.2	-0.7	-0.6
Non-allocated	0.0	0.0	-0.1	-0.1
Group	**-8.8**	**-7.7**	**-33.6**	**-30.5**
EBIT				
KH-Koneet	3.2	2.8	9.0	10.5
Indoor Group	0.6	-0.1	1.0	1.0
Nordic Rescue Group	0.9	0.6	1.9	-0.2
HTJ	0.6	1.0	2.6	2.8
Non-allocated	-0.6	-0.8	-2.9	-2.2
Group	**4.7**	**3.6**	**11.7**	**11.9**
Operating profit (EBIT) %				
KH-Koneet	8.1%	5.9%	5.9%	5.8%
Indoor Group	1.2%	-0.2%	0.6%	0.5%
Nordic Rescue Group	8.1%	5.0%	5.0%	-0.7%
HTJ	9.4%	15.3%	9.8%	12.2%
Non-allocated	-	-	-	-
Group	**4.4%**	**3.1%**	**2.9%**	**2.8%**

EUR million	Pro forma 10–12/2023	Pro forma 10–12/2022	Pro forma 1–12/2023	Pro forma 1–12/2022
Financial items, net				
KH-Koneet	-0.5	-0.9	-3.7	-3.2
Indoor Group	-1.1	-0.9	-4.4	-3.1
Nordic Rescue Group	-0.4	-0.2	-1.3	-0.8
HTJ	-0.2	-0.1	-0.7	-0.4
Non-allocated	-2.0	-0.1	-2.4	-0.2
Group	**-4.1**	**-2.2**	**-12.5**	**-7.6**
Profit before taxes				
KH-Koneet	2.7	1.9	5.3	7.3
Indoor Group	-0.5	-0.9	-3.4	-2.1
Nordic Rescue Group	0.5	0.5	0.6	-1.0
HTJ	0.4	0.9	1.9	2.4
Non-allocated	-2.6	-0.9	-5.3	-2.4
Group	**0,6**	**1.4**	**-0.8**	**4.3**

Pro forma reconciliation calculations

KH Group

EUR million	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Reported FAS EBITDA (1) (3)	**4.9**	**4.8**	**15.2**	**13.5**
Reported IFRS EBITDA (2) (3)	**5.4**	**3.2**	**21.5**	**10.3**
Reversal of FAS lease expenses	3.2	2.6	12.0	9.6
Adjustment for sale and leaseback activities	-0.1	-0.2	-0.9	-0.7
Reversal of Vema Lift Oy's EBITDA (3)	0.0	0.2	0.0	1.7
Reversal of the parent company's fair value entries	0.0	0.8	2.3	7.9
Reversal of the capital gain from the sale of Logistikas	0.0	0.0	-4.8	0.0
Pro forma EBITDA (3)	**13.4**	**11.3**	**45.3**	**42.4**
Reported FAS/IFRS depreciation	-7.4	-11.6	-28.6	-32.5
Reversal of FAS depreciation of goodwill	1.2	6.0	4.9	10.0
IFRS 16 depreciation for companies using FAS	-2.6	-2.2	-9.9	-8.3
Reversal of the depreciation of Vema Lift Oy	0.0	0.1	0.0	0.4
Pro forma EBIT	**4.7**	**3.6**	**11.7**	**11.9**
Reported FAS/IFRS net financial expenses	-3.6	-4.7	-10.6	-9.6
The FAS companies' IFRS 16 interest	-0.6	-0.3	-1.9	-1.2
Reversal of Vema Lift Oy's financial items	0.0	2.9	0.0	3.1
Pro forma profit before taxes	**0.6**	**1.4**	**-0.8**	**4.3**

(1) Reported FAS EBITDA for KH-Koneet, NRG and HTJ

(2) Reported IFRS EBITDA for Indoor Group and the parent company

(3) EBITDA = operating profit + depreciation and amortisation

KH-Koneet

EUR million	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Reported FAS EBITDA (1)	**3.4**	**3.3**	**10.7**	**12.6**
Adjustment for sale and leaseback activities	-0.1	-0.2	-0.9	-0.7
Reversal of FAS lease expenses	2.8	2.3	10.7	8.6
Pro forma EBITDA (1)	**6.1**	**5.4**	**20.5**	**20.5**
FAS depreciation	-1.1	-1.0	-4.6	-4.4
Reversal of FAS depreciation of goodwill	0.5	0.4	1.9	1.8
IFRS 16 depreciation	-2.3	-2.0	-8.8	-7.3
Pro forma operating profit (EBIT)	**3.2**	**2.8**	**9.0**	**10.5**

(1) EBITDA = operating profit + depreciation and amortisation

Indoor Group

Indoor Group reports its figures according to IFRS, and the presented pro forma figures correspond to the figures reported by the company.

HTJ

EUR million	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Reported FAS EBITDA (1)	**0.6**	**1.0**	**2.5**	**2.9**
Reversal of FAS lease expenses	0.2	0.1	0.8	0.6
Pro forma EBITDA (1)	**0.8**	**1.2**	**3.3**	**3.4**
FAS depreciation	-0.5	-0.5	-2.1	-1.9
Reversal of FAS depreciation of goodwill	0.5	0.5	2.0	1.8
IFRS 16 depreciation	-0.2	-0.1	-0.6	-0.5
Pro forma (EBIT)	**0.6**	**1.0**	**2.6**	**2.8**

(1) EBITDA = operating profit + depreciation and amortisation

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	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Reported FAS EBITDA (1)	**0.9**	**0.5**	**2.0**	**-2.0**
Reversal of FAS lease expenses	0.1	0.1	0.5	0.5
Reversal of Vema Lift Oy's EBITDA (1)	0.0	0.2	0.0	1.7
Pro forma EBITDA (1)	**1.1**	**0.8**	**2.5**	**0.3**
FAS depreciation	-0.3	-5.2	-1.1	-6.7
Reversal of FAS depreciation of goodwill	0.2	5.1	1.0	6.4
IFRS 16 depreciation	-0.1	-0.1	-0.5	-0.5
Reversal of the depreciation of Vema Lift Oy	0.0	0.1	0.0	0.4
Pro forma operating profit (EBIT)	**0.9**	**0.6**	**1.9**	**-0.2**

(1) EBITDA = operating profit + depreciation and amortisation

The Group's quarterly performance, pro forma

KH Group

EUR million	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22
Net sales	105.3	97.6	100.2	100.2	114.3	104.8	113.1	96.8
EBITDA	**13.4**	**13.6**	**9.1**	**9.1**	**11.3**	**13.9**	**10.7**	**6.4**
EBITDA, %	12.8%	13.9%	9.1%	9.1%	9.9%	13.3%	9.5%	6.6%
EBIT	**4.7**	**5.1**	**0.9**	**1.0**	**3.6**	**6.0**	**2.7**	**-0.5**
Operating profit (EBIT) %	4.4%	5.2%	0.9%	1.0%	3.1%	5.8%	2.4%	-0.5%

KH-Koneet

EUR million	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22
Net sales	39.1	32.3	40.4	40.5	48.0	42.9	51.7	39.5
Pro forma EBITDA (1)	**6.1**	**5.0**	**4.8**	**4.5**	**5.4**	**5.2**	**6.5**	**3.4**
EBITDA, %	15.6%	15.5%	12.0%	11.2%	11.3%	12.1%	12.6%	8.6%
Pro forma operating profit (EBIT)	**3.2**	**2.0**	**2.0**	**1.8**	**2.8**	**2.6**	**3.6**	**1.5**
Operating profit (EBIT) %	8.1%	6.3%	5.0%	4.5%	5.9%	6.0%	7.0%	3.8%

Indoor Group

EUR million	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22
Net sales	48.1	50.6	44.0	43.6	47.1	52.3	47.2	45.6
Pro forma EBITDA (1)	**6.0**	**7.8**	**3.5**	**4.4**	**4.8**	**8.7**	**3.6**	**3.2**
EBITDA, %	12.6%	15.4%	8.0%	10.1%	10.1%	16.7%	7.6%	7.0%
Pro forma operating profit (EBIT)	**0.6**	**2.6**	**-1.5**	**-0.6**	**-0.1**	**3.8**	**-1.2**	**-1.5**
Operating profit (EBIT) %	1.2%	5.1%	-3.5%	-1.4%	-0.2%	7.2%	-2.5%	-3.3%

Nordic Rescue Group

EUR million	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22
Net sales	11.4	8.2	8.8	9.9	12.5	3.8	8.4	6.9
Pro forma EBITDA (1)	**1.1**	**0.4**	**0.7**	**0.3**	**0.8**	**-0.6**	**0.4**	**-0.3**
EBITDA, %	9.5%	5.4%	8.3%	2.8%	6.1%	-14.4%	4.5%	-4.6%
Pro forma operating profit (EBIT)	**0.9**	**0.3**	**0.6**	**0.1**	**0.6**	**-0.7**	**0.3**	**-0.4**
Operating profit (EBIT) %	8.1%	3.6%	6.5%	1.2%	5.0%	-17.5%	3.1%	-6.2%

HTJ

EUR million	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22
Net sales	6.6	6.5	7.0	6.1	6.7	5.8	5.8	4.8
Pro forma EBITDA (1)	**0.8**	**1.1**	**0.8**	**0.5**	**1.2**	**0.8**	**0.7**	**0.7**
EBITDA, %	11.9%	17.4%	11.7%	8.5%	17.7%	14.3%	12.3%	14.9%
Pro forma operating profit (EBIT)	**0.6**	**1.0**	**0.6**	**0.3**	**1.0**	**0.7**	**0.6**	**0.6**
Operating profit (EBIT) %	9.4%	14.7%	9.2%	5.6%	15.3%	11.6%	9.7%	11.8%

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 drawn up 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 1–12/2023 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 5–12/2023, 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.

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 1–12/2023 includes both the period 1–4/2023, during which the cash flow statement consisted of the parent company’s cash flow, and the period 5–12/2023, 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. The withdrawals and repayments of loans related to the sale and leaseback of rental machinery of KH-Koneet is presented in the cash flow of financing activities.

Consolidated income statement, IFRS

EUR million	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Net sales	98.1	-	270.6	**-**
Other operating income	1.1	-	2.6	-
Materials and services	-59.1	-	-185.2	-
Personnel expenses	-19.0	-0.4	-48.5	-1.2
Other operating expenses	-10.2	-0.4	-27.0	-0.9
Unrealised changes in fair values of investment	-	-0.8	-2.2	-7.9
Depreciation, amortisation and impairment	-9.1	-	-24.6	-0.1
Operating profit/loss	**1.7**	**-1.6**	**-14.4**	**-10.1**
Financial income	0.5	-	1.2	-
Financial expenses	-4.6	-0.1	-10.2	-0.2
Profit before taxes	**-2.4**	**-1.7**	**-23.4**	**-10.3**
Income taxes	0.2	0.3	4.3	2.1
Profit from continuing operations	**-2.2**	**-1.3**	**-19.1**	**-8.2**
Profit from discontinued operations	-	-	**4.7**	-
Net profit for the period	**-2.2**	**-1.3**	**-14.4**	**-8.2**
Distribution of the net profit for the period:				
Parent company shareholders	-1.5	-1.3	-10.4	-8.2
Non-controlling interest	-0.8	-	-3.9	-
Earnings per share				
Continuing operations, €				
Undiluted	-0.03	-0.02	-0.26	-0.14
Diluted	-0.03	-0.02	-0.26	-0.14
Discontinued operations, €				
Undiluted	-	-	0.08	-
Diluted	-	-	0.08	-
Continuing and discontinued operations, €				
Undiluted	-0.03	-0.02	-0.18	-0.14
Diluted	-0.03	-0.02	-0.18	-0.14

Consolidated statement of comprehensive income, IFRS

EUR million	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Net profit for the period	**-2.2**	**-1.3**	**-14.4**	**-8.2**
Comprehensive income items that may be later recognised through profit and loss				
Translation differences	-0.1	-	-	-
Items not transferred to be recognised through profit or loss:				
Defined-benefit pension schemes	-0.1	-	-0.1	-
Other comprehensive income after tax for the period	**-0.2**	**-**	**-0.1**	**-**

Consolidated statement of comprehensive income, total	**-2.4**	**-1.3**	**-14.5**	**-8.2**
Distribution				
Parent company shareholders	-1.6	-1.3	-10.5	-8.2
Non-controlling interest	-0.8	-	-4.0	-

Consolidated balance sheet, IFRS

EUR million	31 Dec. 2023	31 Dec. 2022
Assets		
Non-current assets		
Goodwill	39.9	-
Intangible assets	63.8	-
Property, plant and equipment	41.4	-
Right-of-use assets	61.8	0.1
Investments at fair value through profit and loss	-	102.4
Other financial assets	0.7	-
Deferred tax assets	5.3	4.5
Non-current assets, total	**212.9**	**107.0**
Current assets		
Inventories	100.0	-
Trade receivables	19.3	-
Accrued income and other receivables	4.4	0.1
Cash and cash equivalents	11.1	2.2
Current assets, total	**134.8**	**2.3**
Assets, total	**347.7**	**109.3**
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	12.9
Translation differences	-	-
Retained earnings	46.6	57.1
Equity attributable to the owners of the parent company	**74.6**	**85.1**
Non-controlling interest	4.7	-
Total equity	**79.3**	**85.1**
Non-current liabilities		
Interest-bearing financial liabilities	40.5	9.9
Financial liabilities for rental equipment	24.4	-
Lease liabilities	40.7	-
Other non-current financial liabilities	3.4	4.8
Provisions	0.1	-
Pension obligations	0.2	-
Deferred tax liabilities	12.7	8.5
Non-current liabilities, total	**121.9**	**23.3**
Current liabilities		
Interest-bearing financial liabilities	29.6	-
Financial liabilities for rental equipment	9.1	-
Lease liabilities	21.7	0.1

Advances received	5.8	-
Trade and other liabilities	80.4	0.8
Current liabilities, total	**146.6**	**0.9**
Liabilities, total	**268.4**	**24.2**
Shareholders' equity and liabilities, total	**347.7**	**109.3**

Consolidated cash flow statement, IFRS

EUR million	1–12/2023	1–12/2022
Cash flow from operating activities		
Net profit for the period	-14.4	-8.2
Adjustments to the net profit for the period		
Depreciation, amortisation and impairment	24.6	0.1
Financial income and expenses	9.0	0.2
Income taxes	-4.3	-2.1
Other adjustments	8.1	7.8
Adjustments, total	**37.4**	**6.0**
Changes in working capital	7.7	-0.2
Purchase of investments	-	-1.3
Interest received	0.1	-
Financial expenses paid	-7.1	-0.2
Income taxes paid	-1.0	-
Net cash flow from operating activities	**22.7**	**-3.9**
Cash flow from investing activities		
Cash and cash equivalents of subsidiaries, 1 May 2023	16.3	-
Sale of subsidiaries	11.8	-
Investments in tangible and intangible assets	-2.0	-
Sale of tangible and intangible assets	0.7	-
Net cash flow from investing activities	**26.9**	**-**
Cash flow from financing activities		
Proceeds from loans	1.0	14.4
Repayment of loans	-29.8	-10.0
Financing loans drawn for rental equipment	11.1	-
Repayments of financing loans for rental equipment	-7.8	-
Repayment of lease liabilities	-15.2	-0.1
Dividends paid	-	-
Net cash flow from financing activities	**-40.7**	**4.3**
Change in cash and cash equivalents	**8.9**	**0.4**
Cash and cash equivalents at the beginning of the period	2.2	1.8
Cash and cash equivalents at the end of the period	**11.1**	**2.2**

Consolidated statement of changes in equity, IFRS

1–12/2023

	Equity attributable to equity holders of the parent company						
EUR million	**Share capital**	**Reserve for invested unrestricted equity**	**Translation differences**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Equity 1 Jan. 2023	**15.2**	**12.9**	**-**	**57.1**	**85.1**	**-**	**85.1**
Net profit for the period	-	-	-	-10.4	**-10.4**	**-3.9**	**-14.4**
Other comprehensive income items							
Translation differences			*0.0*	-	**-**	**-**	**-**
Defined-benefit pension schemes	-	-	-	-0.1	**-0.1**	**-**	**-0.1**
Comprehensive income for the period			**-**	**-10.5**	**-10.5**	**-4.0**	**-14.5**
Change in consolidation principles[1]	-	-	-	-	-	7.9	**7.9**
Capital loan and interest[2]	-	-	-	-	**-**	0.7	**0.7**
Equity 31 Dec. 2023	**15.2**	**12.9**	**0.0**	**46.6**	**74.6**	**4.7**	**79.3**

1) See the note "Business combinations"
2) Investment to Indoor Group from other owners

1–12/2022

	Equity attributable to equity holders of the parent company						
EUR million	**Share capital**	**Reserve for invested unrestricted equity**	**Translation differences**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
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 Dec. 2022	**15.2**	**12.9**	**-**	**57.1**	**85.1**	**-**	**85.1**

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 unrealised 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 recognised 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 recognised as goodwill. If the acquisition cost is lower than the fair value of the net assets acquired by the Group, the difference is recognised 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 of 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 consideration paid, the acquired assets and liabilities and goodwill on the date of the acquisition are presented in the table below:

EUR million	**Indoor Group**	**KH-Koneet**	**Nordic Rescue Group**	**HTJ**	**Total**
Acquired shareholding	58.3%	100.0%	68.1%	100.0%	
Assets					
Trademarks	45.0	-	3.9	-	48.9
Customer relationships	0.0	7.9	0.0	6.2	14.1
Other intangible assets	0.7	0.1	0.8	-	1.6
Property, plant and equipment	4.9	35.0	0.3	0.3	40.6
Right-of-use assets	53.0	9.1	1.5	1.8	65.4
Other financial assets	0.1	0.2	-	0.5	0.8
Deferred tax assets	2.1	0.3	-	-	2.3
Inventories (1)	36.2	81.9	5.4	-	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**	**153.3**	**19.9**	**13.6**	**342.1**
Liabilities					
Loans from financial institutions and other financial liabilities	36.8	61.1	13.1	8.9	120.0
Lease liabilities	53.0	9.1	1.5	1.8	65.4
Provisions	0.1	-	-	-	0.1
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**	**288.2**
Identifiable net assets, total	**21.7**	**39.8**	**-3.4**	**-4.2**	**53.9**
Consideration paid					
Fair value of the investment less unrealised deferred taxes	30.0	37.7	3.1	9.7	80.6
Liability on the non-controlling interest	0.0	4.3	-	0.9	5.2
Total consideration paid	**30.0**	**42.0**	**3.1**	**10.6**	**85.8**
Non-controlling interests	9.0	0.0	-1.1	0.0	7.9
Goodwill arising from acquisitions	**17.4**	**2.2**	**5.5**	**14.8**	**39.9**
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) The value of inventories includes, for KH-Koneet and Indoor Group, a fair value allocation totalling EUR 20.6 million that is based on a presumed margin and is recognised as an expense in 2023.

Goodwill on consolidation amounted to EUR 39.9 million, representing human resources and other intangible assets for which the conditions for recognition were not met. Goodwill is not tax-deductible. Indoor Group's trademarks are considered to have an unlimited useful life and they 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 or loss.

The effects of the business combinations on consolidated net sales and profit are presented in the segment-specific notes. The effect on consolidated 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 11.8 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.

Logistikas was deemed to meet the IFRS 5 criteria for an asset held for sale at the time of changing the 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, a subsidiary acquired solely for the purpose of selling it.

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 4.4 million arising from the transaction and the discontinued operation's profit of EUR 0.3 million for the review period.

EUR million	2023
Effect of the divestment on consolidated cash flow	
Cash consideration received (net)	11.8

EUR million	2023
Effect of the divestment on consolidated profit	
Consideration received (net)	11.8
Net assets at the time of the transfer	7.4
Capital gain	**4.4**
Result of discontinued operations during the review period	0.3
Profit from discontinued operations, total	**4.7**

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.

The business segments and reporting segments of KH Group's continuing operations are KH-Koneet, Indoor Group, Nordic Rescue Group and HTJ. The CEO, as the senior 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 organisational structure, in which majority-owned companies are managed separately because they produce different products and services.

- KH-Koneet sells and rents out 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 recognised 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 recognised 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 revenue recognised over time so that the consideration stipulated by the lease being linked to the lease term and recognised 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 recognised 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 recognised 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 vehicle and related maintenance and repair services. Revenue from the sale of vehicles is recognised 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 recognised 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 customised services performed as of the date of assessment. Revenue is recognised 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 net interest-bearing liabilities are 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 senior 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 involves administrative expenses. Transactions between segments are carried out at fair market price. There were no significant transactions between the segments during the review period.

The segments KH-Koneet, Indoor Group, Nordic Rescue Group and HTJ were formed on 1 May 2023 when the investment entity status changed. Consequently, the income statements of the segments in question for the review period include only the period 1 May–31 December 2023.

Continuing operations 2023 **EUR million**	**KH-Koneet**	**Indoor Group**	**Nordic Rescue Group**	**HTJ**	**Non-allocated**	**Internal items**	**Group**
Net sales	**97.2**	**128.5**	**26.8**	**18.1**	**0.0**		**270.6**
Net sales share, %	35.9%	47.5%	9.9%	6.7%	0.0%		100.0%
EBITDA	**5.2**	**4.9**	**2.4**	**2.6**	**-5.0**		**10.2**
PPA adjustment of inventories	9.0	11.6	-	-	-	-	20.6
Comparable EBITDA	**14.2**	**16.5**	**2.4**	**2.6**	**-5.0**	**-**	**30.7**
Depreciation	-8.4	-14.6	-0.8	-0.7	-0.1		-24.6
EBIT	**-3.1**	**-9.7**	**1.6**	**1.9**	**-5.1**		**-14.4**
PPA adjustment of inventories	9.0	11.6	-	-	-	-	20.6
PPA depreciation	0.5	-	0.4	0.2	-	-	1.2
Comparable operating profit (EBIT)	**6.4**	**1.9**	**2.0**	**2.1**	**-5.1**	**-**	**7.3**
Financial items, net	-2.4	-2.9	-0.8	-0.5	-2.4		-9.0
Profit before taxes	**-5.6**	**-12.6**	**0.8**	**1.5**	**-7.5**		**-23.4**
Assets on 31 December 2023	**136.6**	**153.1**	**22.5**	**28.2**	**11.2**	**-3.9**	**347.7**
Interest-bearing net liabilities, 31 December 2023	**67.8**	**70.2**	**11.0**	**7.9**	**-2.0**	**-**	**154.9**

1) More information on the comparable key figures is presented later in the sections "Alternative performance measures" and "Reconciliation of key figures".

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 recognised at fair value through profit or loss, the book value corresponds to the fair value to a material extent.

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 recognised in connection with acquisitions.

The measurement of equity investments is based on the management's estimate of future cash flows arising from the equities, 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**	**2023**	**2022**
Non-current financial assets			
Financial assets recognised at fair value through profit or loss			
Unlisted shares (shares in subsidiaries)	3	-	102.4
Financial assets recognised at amortised cost			
Other non-current financial assets	2	0.7	**-**
Non-current financial assets, total		**0.7**	**102.4**
Current financial assets			
Financial assets recognised at amortised cost			
Trade receivables	2	19.3	-
Cash and cash equivalents	2	11.1	2.2
Current financial assets, total		**30.4**	**2.2**
Financial assets, total		**31.1**	**104.6**
Non-current financial liabilities			
Financial liabilities recognised at fair value through profit or loss			
Liabilities to non-controlling interests	3	3.4	4.8
Financial liabilities recognised at amortised cost			
Loans from financial institutions	3	39.6	9.9
Lease liabilities	2	40.7	-
Financial liabilities for rental equipment		24.4	-
Other non-current financial liabilities	2	0.8	-
Non-current financial liabilities, total		**109.0**	**14.7**
Current financial liabilities			
Financial liabilities recognised at fair value through profit or loss			
Liabilities to non-controlling interests	3	3.8	-
Financial liabilities recognised at amortised cost			
Loans from financial institutions	3	29.6	-
Lease liabilities	2	21.7	0.1
Financial liabilities for rental equipment		9.1	-
Trade payables	2	41.2	0.3
Current financial liabilities, total		**105.5**	**0.4**
Financial liabilities, total		**214.4**	**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 measurement 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 measurement methods in which the inputs used have a significant effect on the recognised 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.

Related party transactions during the period
The owners of Nordic Rescue Group Oy made in December 2023 an additional investment to the company from which the share of KH Group was EUR 250 thousand. Indoor Group Holding Oy received in December 2023 investment of EUR 2,8 million from the largest owners to strengthen the balance sheet. KH Group's share of investment was EUR 2.1 million.

Off-balance sheet liabilities and loan covenants

Business mortgages, EUR million	**31 Dec. 2023**	**31 Dec. 2022**
KH-Koneet	47,370	47,200
Indoor Group	65,455	65,445
HTJ	10,010	10,010
Nordic Rescue Group	19,051	14,702
Logistikas (presented as a discontinued operation)	-	12,993
Parent company	-	-
Group, total	**141 886**	**150 350**

At the end of the review period, the parent company had a credit facility of EUR 2.45 million.

Due to Indoor Group's weak financial performance, it did not meet the financial covenants of its financing agreement as of December 2022, which is why the loans for the comparison period are presented under current liabilities. Indoor Group, KH-Koneet, HTJ and the parent company KH Group Plc agreed on new financing agreements after the end of the financial year 2023. The agreements with all of the companies are even better suited to the Group companies' needs and business outlook.

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 comparability between periods. Other alternative performance measures used by the company include return on equity (%), return on capital employed (%), gearing (%) (including lease liabilities and excluding lease liabilities) and 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 the 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	**1–12/2023**	**1–12/2022**
Net sales	270.6	-
EBITDA	10.2	-10.0
EBITDA, %	3.8%	-
Comparable EBITDA	30.7	-10.0
Comparable EBITDA %	11.4%	-
Operating profit (EBIT)	-14.4	-10.1
Operating profit (EBIT) %	-5.3%	-
Comparable EBIT	7.3	-10.1
Comparable EBIT %	2.7%	-
Return on equity, %, rolling 12 months	-17.5%	-9.2%
Return on capital employed, %, rolling 12 months	-7.8%	-10.0%
Gearing, %	195.4%	9.2%
Gearing, excluding lease liabilities, %	116.7%	9.0%
Equity ratio, %	23.2%	77.9%
Personnel, average	1,237	5
Personnel, average, comparable[(1)]	1,237	1,265
Earnings per share, EUR, undiluted	-0.18	-0.14
Earnings per share, EUR, diluted	-0.18	-0.14
Shareholders' equity per share, EUR	1.36	1.47
Lowest share price, EUR	0.73	1.00
Highest share price, EUR	1.21	1.99
Share price at the end of the period, EUR	0.81	1.18
Market capitalisation at the end of the period, EUR million	47.3	68.4
Number of shares at the end of the period, 1,000	58,079	58,079
Average number of shares, undiluted, 1,000	58,079	58,079
Average number of shares, diluted, 1,000	58,079	58,124

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

Reconciliation of key indicators

EUR million	1–12/2023	1–12/2022
Operating profit	**-14.4**	**-10.1**
Depreciation, amortisation and impairment	-24.6	0.1
EBITDA	**10.2**	**-10.0**
Items affecting comparability (EBITDA)		
Fair value adjustment of inventories	-20.6	
Comparable EBITDA	**30.7**	**-10.0**
Depreciation, amortisation and impairment	-24.6	-0.1
Items affecting comparability (EBIT)		
Depreciation of intangible assets arising from acquisitions	-1.2	0.0
Comparable operating profit (EBIT)	**7.3**	**-10.1**
Profit before taxes, rolling 12 months	-23.4	-10.3
Financial expenses, rolling 12 months	-10.2	-0.2
Equity at the beginning of the period	85.1	93.5
Interest-bearing liabilities, including lease liabilities, at the beginning of the period	10.0	5.6
Equity at the end of the period	79.3	85.1
Interest-bearing liabilities, including lease liabilities, at the end of the period	166.0	9.9
Return on capital employed (ROCE), %	**-7.8%**	**-10.4%**
Net profit for the period, rolling 12 months	-14.4	-8.2
Equity at the beginning of the period	85.1	93.5
Equity at the end of the period	79.3	85.1
Return on equity (ROE), %	**-17.5%**	**-9.2%**
Total equity	79.3	85.1
Balance sheet total	347.7	109.3
Advances received	-5.8	0.0
Equity ratio, %	**23.2 %**	**77.9%**
Interest-bearing liabilities, including lease liabilities	166.0	10.0
Cash and cash equivalents	-11.1	-2.2
Interest-bearing net liabilities	**154.9**	**7.8**
Lease liabilities	-62.4	-0.1
Interest-bearing net liabilities, excluding lease liabilities	**92.5**	**7.7**
Total equity	79.3	85.1
Gearing, %	**195.4%**	**9.2%**
Gearing, excluding lease liabilities, %	**116.7%**	**9.0%**

Alternative Performance Measure	Calculation formula	Purpose
Comparable EBITDA	Comparable operating profit (EBIT) + Depreciation, amortisation and impairment	Adjusted EBITDA is considered to provide a comparable view of the operating result as compared to previous periods.
EBITDA	EBIT + Depreciation, amortisation 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 interest-bearing 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–March 2024 will be published on 7 May 2024

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.