



PROVENTIA GROUP CORPORATION

**BUSINESS REVIEW
JANUARY-MARCH 2022**

PROVENTIA GROUP CORPORATION'S BUSINESS REVIEW

JANUARY-MARCH 2022

January-March 2022 in brief

- Net sales decreased by 0.9% from the previous year to EUR 11.8 (11.9) million
- Operating profit was EUR 0.2 (1.8) million
- Profit for the period was EUR 0.2 (1.5) million

(The figures in brackets refer to the same period in the previous year.)

President and CEO Jari Lotvonen:

“The positive development of the Test Solutions business area continued, and its net sales increased by 103.1%. The net sales of the Powertrain Systems and Components business area decreased partly due to the good comparative period and partly due to decreased customer demand resulting from challenges in the availability of components. The Test Solutions business area accounted for 28.0% of total net sales, while the corresponding figure was 13.7% during the comparative period. Changes in the percentages of net sales reduced our profitability from the previous year. The increase in the prices of raw materials, components and transport at the beginning of the year increased expenses. During the first quarter, we initiated the start-up of our plant in the Czech Republic, which also reduced our profitability. The plant will serve our non-road machine customers, and it will respond to the growing need for production capacity in the next few years.

The Russian invasion of Ukraine in February did not have any direct impact on our business operations during the first part of the year. Proventia has no operations in Russia, Belarus, or Ukraine. However, the war may reduce demand through such factors as challenges in the availability of materials and components and increases in costs. Long-term opportunities for growth remain strong. We believe that climate change mitigation and related requirements for energy efficiency and carbon neutrality increase demand for Proventia's current products and offer new business opportunities.

We will participate actively in research and development projects that seek solutions for the electrifying non-road machinery industry and new carbon-free fuels. During the first quarter, we continued our strategic investments in responsibility and joined the Business Finland-funded Green Factory (GREEF) project, whose goal is to lead the manufacturing industry in a more carbon-neutral direction.”

KEY FIGURES

Sums in EUR	1-3/2022	1-3/2021	1-12/2021
Net sales	11,770,612	11,879,985	46,554,953
Change in net sales, %	-0.9%	20.7%	18.3%
Operating profit	174,192	1,799,762	4,040,233
Operating profit, %	1.5%	15.1%	8.7%
Earnings per share (EPS), undiluted	0.01	0.11	0.23
Earnings per share (EPS), diluted	0.01	0.10	0.21
Shareholders' equity	18,756,446	15,616,637	19,488,270
Balance sheet total	45,548,240	38,346,241	43,085,871
Equity ratio, %	57.2%	54.9%	64.9%
Interest-bearing liabilities	1,863,452	4,755,906	2,076,596
Net debt	-13,760,135	-3,549,347	-4,177,233
Investments	426,066	142,448	1,397,768

The formulas used to calculate the key figures are shown on page 5.

NET SALES

The group's net sales in January–March 2022 was EUR 11.8 (11.9) million, showing a decrease of 0.9% (increase 20.7%). Net sales of the Powertrain Systems and Components business area decreased by 17.4% to EUR 8.5 (10.3) million. The Test Solutions business area's net sales increased by 103.1% from the comparative period to EUR 3.3 (1.6). The Powertrain Systems and Components business area accounted for 72.0% (86.3%) of total net sales, while the Test Solutions business area made up 28.0% (13.7%).

In January–March, Europe accounted for 96.1% (99.2%) of total net sales.

Net sales by business area

Sums in EUR	1-3/2022	1-3/2021	Change, %	1-12/2021
Powertrain Systems and Components	8,471,596	10,255,559	-17.4%	37,177,590
Test Solutions	3,299,016	1,624,426	103.1%	9,377,362
Total	11,770,612	11,879,985	-0.9%	46,554,953

Net sales by market area

Sums in EUR	1-3/2022	1-3/2021	Change, %	1-12/2021
Europe	11,307,493	11,785,070	-4.1%	45,693,400
Other continenst	463,118	94,914	387.9%	861,553
Total	11,770,612	11,879,985	-0.9%	46,554,953

PERFORMANCE AND FINANCIAL POSITION

In January–March 2022, the operating profit was EUR 0.2 (1.8) million, representing 1.5% (15.1%) of net sales. Profit was EUR 0.2 (1.5) million. Undiluted earnings per share were EUR 0.01 (0.11), while diluted earnings per share were EUR 0.01 (0.10).

ANNUAL GENERAL MEETING

Proventia Group Corporation's Annual General Meeting was held on 31 March 2022. According to the Board of Directors' proposal, the Annual General Meeting decided to distribute EUR 0.06 per share in dividends from the profit for the period of EUR 2,966,796.49. As a result, the total amount of dividends is EUR 955,271.70 based on the total number of shares of 15,921,195.

FUTURE OUTLOOK

In 2022 net sales is expected to increase and operating profit is expected to remain at the 2021 level. In 2021, net sales were EUR 46.6 million, and the operating profit was EUR 4.0 million. However, it is still difficult to make estimates, and the current market conditions and the unstable geopolitical situation are increasing uncertainties over the future.

ACCOUNTING PRINCIPLES

Proventia Group's business review has been prepared in accordance with Finnish accounting principles. The figures presented have been rounded from exact figures. The figures indicated in the business review are unaudited.

KEY FIGURE CALCULATION FORMULAS

Key figure	Definition	Purpose of use
Operating profit, %	Operating profit as a percentage of net sales.	The operating profit rate is an indicator of the group's performance.
Equity ratio, %	$\frac{\text{Shareholders' equity}}{\text{(Balance sheet total - advances received)}} \times 100$	The equity ratio, interest-bearing liabilities and net debt are indicators of the group's ability to acquire funding and clear its debts, and they help monitor the level of capital used in the group's business activities.
Interest-bearing liabilities	Total long-term and short-term loans from financial institutions.	
Net debt	Interest-bearing liabilities – cash and cash equivalents	