



PROVENTIA GROUP CORPORATION

**BUSINESS REVIEW
JANUARY-SEPTEMBER 2022**

PROVENTIA GROUP CORPORATION'S BUSINESS REVIEW

JANUARY-SEPTEMBER 2022

July-September 2022 in brief

- Net sales increased by 42.3% from the previous year to EUR 15.4 (10.8) million
- Operating profit was EUR 0.8 (0.7) million
- Profit for the period was EUR 0.6 (0.5) million

January-September 2022 in brief

- Net sales increased by 11.9% from the previous year to EUR 39.2 (35.0) million
- Operating profit was EUR 1.4 (3.5) million
- Profit for the period was EUR 1.0 (2.8) million

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

President and CEO Jari Lotvonen:

Demand for our products and services increased steadily between January and September. Our net sales increased to EUR 39.2 million, showing an increase of 11.9% from the comparative period. The operating profit rate in January–September decreased from last year's 10.0% to 3.5%. The significant change in the percentages of our business areas' net sales and increases in costs reduced our profitability.

Net sales of the Test Solutions business area in January–September increased to EUR 13.2 million, up by nearly 132%, while its profitability was low. We will continue the measures started already during the first half of the year to improve our efficiency and reduce the impact of higher costs. The Test Solutions business area's low profitability also strained the entire company's results. Test Solutions accounted for 33.6% of Proventia's net sales, while the corresponding figure was 15.2% during the comparative period. During the third quarter, Proventia received an order to deliver a modular hydrogen fuel cell testing solution to a new customer. The design of the solution has started, and the testing modules will be delivered to the customer during 2023.

Net sales of the Powertrain Systems and Components business area in January–September decreased by 11.3% from the comparative period due to a temporary decrease in the project-based retrofit customer segment. In the OEM customer segment, demand remained at the comparative period's level. During the third quarter, we received a significant order to design and manufacture emission control systems to one of our current customers. Project planning is in progress, and the product's serial production is expected to start in 2026. The start-up of the Czech plant proceeded as planned during the third quarter, and we will continue our investments to increase its capacity to respond to a significant increase in future production volumes starting from next year.

KEY FIGURES

| Euros | 7-9/2022 | 7-9/2021 | 1-9/2022 | 1-9/2021 | 1-12/2021 |
|-------------------------------------|------------|------------|------------|------------|------------|
| Net sales | 15.365.624 | 10.799.799 | 39.192.664 | 35.027.236 | 46.554.953 |
| Change in net sales, % | 42.3% | 47.1% | 11.9% | 28.1% | 18.3% |
| Operating profit | 796.905 | 702.237 | 1.357.603 | 3.494.939 | 4.040.233 |
| Operating profit, % | 5.2% | 6.5% | 3.5% | 10.0% | 8.7% |
| Earnings per share (EPS), undiluted | 0.04 | 0.04 | 0.07 | 0.20 | 0.23 |
| Earnings per share (EPS), diluted | 0.04 | 0.03 | 0.06 | 0.18 | 0.21 |
| Shareholders' equity | 19.824.734 | 14.144.137 | 19.824.734 | 14.144.137 | 19.488.270 |
| Balance sheet total | 43.194.248 | 36.761.676 | 43.194.248 | 36.761.676 | 43.085.871 |
| Equity ratio, % | 66.2% | 55.8% | 66.2% | 55.8% | 64.9% |
| Interest-bearing liabilities | 1.485.000 | 2.763.899 | 1.485.000 | 2.763.899 | 2.076.596 |
| Net debt | -1.068.725 | -407.578 | -1.068.725 | -407.578 | -4.177.233 |
| Investments | 1.009.755 | 32.366 | 2.257.783 | 311.124 | 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–September 2022 was EUR 39.2 (35.0) million, showing an increase of 11.9% (increase 28.1%). Net sales of the Powertrain Systems and Components business area decreased by 11.3% to EUR 26.0 (29.3) million. The Test Solutions business area's net sales increased by 131.7% from the comparative period to EUR 13.2 (5.7). The Powertrain Systems and Components business area accounted for 66.4% (83.8%) of total net sales, while the Test Solutions business area made up 33.6% (16.2%).

In January–September, Europe accounted for 88.0% (98.5%) of total net sales.

Net sales by business area

| Sums in EUR | 1-9/2022 | 1-9/2021 | Change, % | 1-12/2021 |
|-----------------------------------|-------------------|-------------------|--------------|-------------------|
| Powertrain Systems and Components | 26.011.788 | 29.338.617 | -11.3% | 37.177.590 |
| Test Solutions | 13.180.876 | 5.688.619 | 131.7% | 9.377.362 |
| Total | 39.192.664 | 35.027.236 | 11.9% | 46.554.953 |

Net sales by market area

| Sums in EUR | 1-9/2022 | 1-9/2021 | Change, % | 1-12/2021 |
|------------------|-------------------|-------------------|--------------|-------------------|
| Europe | 34.477.280 | 34.510.008 | -0.1% | 45.693.400 |
| Other continenst | 4.715.384 | 517.228 | 811.7% | 861.553 |
| Total | 39.192.664 | 35.027.236 | 11.9% | 46.554.953 |

PERFORMANCE AND FINANCIAL POSITION

In January–September 2022, the operating profit was EUR 1.4 (3.5) million, representing 3.5% (10.0%) of net sales. Profit was EUR 1.0 (2.8) million. Undiluted earnings per share were EUR 0.07 (0.20), while diluted earnings per share were EUR 0.06 (0.18).

OUTLOOK

Net sales for 2022 are expected to increase. The operating profit is expected to decrease from 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. 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. There were no significant changes in the accounting principles during the review period. 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 | |