

## SkartaNYAB Plc's business review 1 January-31 March 2022 (unaudited): Stable performance in seasonally weakest quarter, high orderbook enables good outlook for the rest of the year

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### SkartaNYAB Plc

COMPANY ANNOUNCEMENT

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## SkartaNYAB Plc's business review 1 January-31 March 2022 (unaudited): Stable performance in seasonally weakest quarter, high orderbook enables good outlook for the rest of the year

- **Successful corporate transaction with NYAB Sverige AB was closed on 31 March 2022 and the name of the company was simultaneously changed to SkartaNYAB Plc. The transaction strengthened the equity of the company markedly, and its new subsidiary company NYAB has the best outlook ever.**
- **Consolidated pro forma revenue of the first quarter was 29.7 million euros, growth 18,6 %, and EBITDA -1.5 million euros.**
- **Strong orderbook of the group companies, a total of exceeding 320 million euros, enables positive outlook for the rest of the year.**

### Key figures of SkartaNYAB Plc Group

|                                     | 01-03/2022<br>(3 months) | 01-03/2021<br>(3 months) | 01-12/2021<br>(12 months) |
|-------------------------------------|--------------------------|--------------------------|---------------------------|
| Revenue, 1000 euros                 | 11 613                   | 782                      | 41 646                    |
| EBITDA, 1000 euros                  | -987                     | -64                      | 1 895                     |
| - share of turnover                 | -8,5 %                   | -8,2 %                   | 4,6 %                     |
| EBITA, 1000 euros                   | -1 284                   | -80                      | 1 317                     |
| - share of turnover                 | -11,1 %                  | -10,2 %                  | 3,2 %                     |
| Operating profit (EBIT), 1000 euros | -2 351                   | -195                     | -838                      |
| - share of turnover                 | -20,2 %                  | -24,9 %                  | -2,0 %                    |
| Profit for the period, 1000 euros   | -2 578                   | -309                     | -4 885                    |
| - share of turnover                 | -22,2 %                  | -39,5 %                  | -11,7 %                   |
| Earnings per share, EUR             | -0,00                    | -0,02                    | -0,02                     |
| Equity per share, EUR               | 0,36                     | 0,14                     | 0,19                      |
| Equity ratio                        | 82,7 %                   | 25,6 %                   | 72,2 %                    |
| Return on equity                    | -1,7 %                   | -10,4 %                  | -16,7 %                   |
| Shares at the end of the period     | 702 641 888              | 20 054 317               | 288 397 790               |

### Pro forma key figures\*

|                     | <b>01-03/2022<br/>(3 months)</b> | <b>01-03/2021<br/>(3 months)</b> | <b>01-12/2021<br/>(12 months)</b> |
|---------------------|----------------------------------|----------------------------------|-----------------------------------|
| Revenue, 1000 euros | 29 722                           | 25 064                           | 209 165                           |
| EBITDA, 1000 euros  | -1 513                           | 539                              | 21 916                            |
| - share of turnover | -5,1 %                           | 2,1 %                            | 10,5 %                            |
| EBITA, 1000 euros   | -2 179                           | 28                               | 19 800                            |
| - share of turnover | -7,3 %                           | 0,1 %                            | 9,5 %                             |

*\*Pro forma figures consist of the consolidated financial information of SkartaNYAB Plc Group (Skarta Finland Ltd subgroup for the previous financial year) and NYAB Group. Income statement of NYAB Group will be consolidated to the financial statements of SkartaNYAB Group as of 1 April 2022.*

## **Guidance for the financial year 2022**

The company estimates that the revenue of the group for the financial year 2022 is 220-255 million euros, and operating profit without amortization and reduction in value of intangible assets (EBITA) 20-29 million euros. The guidance regards SkartaNYAB Plc Group and does therefore not include the first quarter of NYAB Group. The financial guidance is based on the company's view on its current business operations development, and new potential opportunities for the rest of the year. The company has given a wider range for its guidance, as there have been rapid changes in the operating environment that may cause fluctuation in project execution and profitability. As the business operations during the rest of the year are focused on Swedish markets, consolidated financial figures are also subject to an increased fluctuation in currency rates.

## **CEO Johan Larsson's review**

Result of SkartaNYAB Group for the first quarter was in line with expectations. Our market presence is extensive in northern Finland and Sweden. Hence, our seasonal variations when operating under winter conditions make the first quarter crucial for order intake, planning and forming optimal project organizations. We have succeeded in building a diversified orderbook of exceeding 320 million euros. As the scale of our business is growing, we have also been building a stronger organization, which has increased costs during the beginning of the year but enables larger volumes for the rest of the year.

In the corporate transaction between Skarta and NYAB, a new group that has an excellent position to reach profitable growth during the rest of the year was created. Both Skarta and NYAB have a strong brand in their domestic markets, and for now they continue to operate with their own names. Both companies have an entrepreneurial culture, and major shareholders actively participate in developing the business operations. The intention is to continue seeking also inorganic growth to support the competence and offering of the companies. The strong balance sheet of SkartaNYAB provides great opportunities to accelerate growth.

NYAB has just had the best first quarter in its history. The orderbook of the company is bigger than ever. NYAB has signed several base contracts that enables a lot of synergies in adjacent markets. These contracts include perennial contracts that create revenue through the whole year, such as contracts with the municipality of Piteå and the Swedish Transport Administration regarding streets, roads, and sewerage work. NYAB has also expanded its activities in Stockholm region, where ongoing urbanization increases the demand for the construction of sustainable infrastructure.

Skarta's business operations have taken significant development steps during the beginning of the year as well. A lot of new expertise has been recruited to the company, with which it can provide more comprehensive services for its customers. The geopolitical situation increases the demand for domestic energy solutions, and Skarta's strong position in energy construction responds to it brilliantly. Skarta's energy project development still involves some development costs, but we expect these investments in a green future to start capitalizing in 2023 and therefore contributing to our result from next year onwards.

Our target in SkartaNYAB is to combine the best parts of both large and small enterprises. We have extended networks and significant partnerships, of which the cooperation with Solarigo that was started during the beginning of the year is an excellent example. At the same time, we are a flexible organization, where decision-making is effective, and employees take responsibility for their own work. I believe that this way we can provide the best value for our shareholders, best quality for our customers, and operate in collaboration with the best companies in the industry.

To sum it up, we are operating in a world that currently includes a lot of financial uncertainties. The main cause is the ongoing war in Europe, which is truly horrible from a humanity perspective. Uncertainties are also related to inflation and increasing interest rates. In this context I am very pleased with our current position. We have low debt, very strong backlog, and a strong balance sheet. We have committed and talented people, who have proven during the pandemic their

capability of being flexible, adjusting and performing well when external circumstances are affecting our business. In addition, we operate on growing markets.

## **Business operations of SkartaNYAB Group during the review period**

The most significant event of the first quarter was the corporate transaction that was closed at the end of March, in which Skarta Group Plc acquired all shares in NYAB Sverige AB and changed its name to SkartaNYAB Plc. A group, whose companies had a total revenue of 209 million euros for 2021 and an EBITDA margin of 10.5 %, i.e., an EBITDA of 22 million euros, was created in the transaction. Equity of the group increased to 250 million euros with the transaction, as the purchase price was paid almost entirely by arranging a directed share issue to NYAB Sverige AB's shareholders. Johan Larsson started as the CEO of the company as of 1 April 2022, and there were some other changes in the Executive Management Team as well to correspond to the management needs of the new group.

Strategy of the SkartaNYAB Group includes expanding its activities towards the development, construction, and ownership of overall projects in clean energy. Regarding energy projects, the group has concentrated on the development of its Near Energy concept, as well as industrial-scale solar power projects in Finland, during the review period. In future, the NYAB transaction improves the ability of the group to expand the project development activities to Swedish markets as well.

The purpose of the Near Energy concept is to offer nearby produced renewable energy for local use for cities, municipalities, and industrial operators. Skarta is, for example, Atria's partner in a project where a 45-megawatt wind farm is built adjacent to Atria's production facility in Nurmo. The land use planning initiative for the project was approved in March, and the land use plan is intended to be completed at the end of 2023. In public sector, the Near Energy concept was advanced in Ylivieska, for example, where a carbon-neutral industrial park is intended to be built to the industrial region.

Solar power project development began in the group in November 2021, when it launched plans for constructing the largest solar farm in Finland to the municipality of Utajärvi, where it acquired more than a hundred hectares of disused peat bogs to implement the projects. During the first quarter, governmental aid has been applied for the projects, and potential investors and partners have been scanned. In March, the project development took a new significant step forward, as SkartaNYAB Plc made a collaboration agreement with Solarigo Systems Ltd, the leading developer of industrial solar power plants in Finland. The companies aim at building 1000 megawatts of solar power together in Finland and Sweden, and thus to become the leading operator in the sector in the Nordic countries.

In wind power construction, the group has concentrated on BoP projects, in which it is responsible for land improvement, foundations, and power network of the wind farm in a project-specifically defined scope. The position of the group in a value chain of energy projects was further strengthened in March, as Skarta Finland established a new electrical grid business unit. The more comprehensive service offering is seen, for example, in the 12-million-euro contract that was made in March regarding the construction of the new Lumivaara wind farm to the municipality of Hyrynsalmi in Kainuu. The scope of the project includes, in addition to the BoP entirety, the delivery of a substation and a transformer.

After the end of the review period, SkartaNYAB Group has made a new financing agreement of SEK 135 million. The loan facility has a maturity of four years and will be used for refinancing and working capital purposes. Thus, the new financing agreement enables reduction in interest expenses of the group and supports its future growth plans. The group has also continued its active order intake, which enables good volumes for the rest of the year.

## **Operating environment and risks**

Most significant risks of SkartaNYAB Group regard the changes in the operating environment. Because of the war in Ukraine, changes have been sudden, and their prediction has become significantly more difficult than before. Especially, material prices have increased fiercely in a short term, and there have been occasional problems with their availability. However, as the costs somewhat increased already in 2021, focus on risk management had been already increased. The majority of group's business operations for the rest of the year consist of activities in Swedish markets, where it is easier to hedge the costs risks contractually than in Finland, but all risks related to expenses cannot necessarily be eliminated. Fennovoima's decision to suspend the nuclear power plant project at Hanhikivi may have effects on the result of Finnish operations, as there are receivables regarding previous projects at the working site.

The uncertainty affecting the operating environment is also seen in the number of new projects and investments. According to the Business Confidence Indicators released by the Confederation of Finnish Industries, confidence during the beginning of the year has decreased especially in the construction industry, because of which there may not be similar demand for new projects than before. However, a major part of the group's projects in Sweden are done for the public sector, whose demand is subject to lower fluctuations than in the private sector. Also, in a longer term there is more demand for the services that the group offers. For example, in the Finnish government discussion on the fiscal plan the investments in green transition and domestic energy solutions have been underlined, in which case it has been considered necessary to speed up the permit processing of wind power projects, for example.

With the NYAB transaction, SkartaNYAB Group has even stronger position in Norrbotten region in Northern Sweden, where significant investments in green transition are in progress, and for example the production facilities that utilize renewable

energy in the region have been estimated to employ approximately 10 000 employees. Because of the geopolitical situation, cooperation between Finland and Sweden has become increasingly important, which opens new business opportunities also for SkartaNYAB Group. Risks regarding the business operations of the group have been discussed in more detail in the annual report for the financial year 2021.

## General meetings

SkartaNYAB Plc's Extraordinary General Meeting was held on 17 March 2022. In the EGM, resolutions needed for the acquisition of all shares in NYAB Sverige AB were made, regarding the directed share issue with payment to NYAB Sverige AB's prior shareholders, as well as approval of the corporate transaction. In addition, EGM decided to change the name of the company to SkartaNYAB Plc and change the Board of Directors of the company so that prior members Markku Kankaala and Jari Suominen continue as members, and Jukka Juola, Johan Larsson, Johan K Nilsson, Mikael Ritola, and Aarne Simula are elected as new members. The resolutions of the EGM came in force on 31 March 2022, when the Board of Directors, authorized by the EGM, decided on the closing of the NYAB transaction. In its organizing meeting, the new Board of Directors decided to elect Markku Kankaala the Chairman of the Board, and Johan K Nilsson the Vice Chairman.

SkartaNYAB Plc's Annual General Meeting was held after the end of the review period, on 3 May 2022. In the AGM, usual matters belonging to the power of decision of the AGM were on the agenda, such as adoption of the financial statements and consolidated financial statements for the financial year 2021, discharging the persons, who were Board members and CEOs during financial year 2021, from liability, as well as election and remuneration of Board members and auditors. In addition, AGM decided to establish a shareholders' nomination board that has a responsibility of preparing proposals to General Meetings regarding the members and remuneration of the Board of Directors. The nomination board consists of three members, of which three largest shareholders of the company are each entitled to appoint one.

Minutes of the general meetings are available in Finnish at <https://skartanyab.com/hallinnointi/yhtiokokous/>.

## Share and shareholders

SkartaNYAB Plc's total number of shares at the end of the review period was 702 641 888 shares. The number of shares includes the 414 244 098 shares that were directed to NYAB Sverige AB's prior shareholders with the decision of the Board of Directors made on 31 March 2022, even though these shares were registered to the trade register after the end of the review period.

SkartaNYAB Plc had a total of 3097 shareholders that had been registered in the shareholder register of the company on 31 March 2022. The largest shareholders of the company, taking into account the share issue mentioned above, were Holding Investment Förvaltning I Luleå AB (a company under joint control of Board member and CEO Johan Larsson and Board and Executive Management Team member Mikael Ritola, ownership 33.5%), Andament Group Oy (a company under joint control of Chairman of the Board Markku Kankaala, Board member Jukka Juola, and Executive Vice President Tuomas Hirvonen, ownership 19.2%), Sätbergrens Entreprenad AB (ownership 10.6%), Laisdalen Konsult AB (ownership 7.2%), and Mininvest Oy (ownership 3.8%).

## Consolidated income statement

| SkartaNYAB Plc Group (1000 euros)                    | 1-3/2022<br>(3 months) | 1-3/2021<br>(3 months) | 1-12/2021<br>(12 months) |
|--|------------------------|------------------------|--------------------------|
| <b>REVENUE</b>                                       | <b>11 613</b>          | <b>782</b>             | <b>41 645</b>            |
| Other operating income                               | 718                    | 0                      | 1 305                    |
| Materials and services                               | -8 622                 | 0                      | -31 058                  |
| Personnel expenses                                   | -3 183                 | -492                   | -5 542                   |
| Other operating expenses                             | -1 513                 | -354                   | -4 455                   |
| Depreciation, amortization, and reduction in value   | -1 364                 | -131                   | -2 733                   |
| <b>OPERATING PROFIT (LOSS)</b>                       | <b>-2 351</b>          | <b>-195</b>            | <b>-838</b>              |
| Financial income and expenses                        | -102                   | -110                   | -3 906                   |
| <b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b> | <b>-2 455</b>          | <b>-305</b>            | <b>-4 744</b>            |
| Income taxes   | -122                   | 0                      | -141                     |
| Minority shares                                      | 0                      | -4                     | 0                        |

|                                     |               |             |               |
|-------------------------------------|---------------|-------------|---------------|
| <b>PROFIT (LOSS) FOR THE PERIOD</b> | <b>-2 578</b> | <b>-309</b> | <b>-4 884</b> |
|-------------------------------------|---------------|-------------|---------------|

## Consolidated balance sheet

| <b>SkartaNYAB Plc Group (1000 euros)</b>        | <b>31.3.2022</b> | <b>31.3.2021</b> | <b>31.12.2021</b> |
|---|------------------|------------------|-------------------|
| Intangible assets                               | 220 939          | 1 709            | 36 769            |
| Tangible assets                                 | 13 627           | 351              | 5 480             |
| Investments                                     | 5 368            | 7 522            | 5 441             |
| <b>NON-CURRENT ASSETS</b>                       | <b>239 935</b>   | <b>9 582</b>     | <b>47 690</b>     |
| Stocks  | 2 860            | 0                | 1 806             |
| Long-term receivables                           | 53               | 0                | 368               |
| Short-term receivables                          | 46 932           | 446              | 22 790            |
| Investments                                     | 35               | 0                | 35                |
| Cash and cash equivalents                       | 13 033           | 952              | 4 141             |
| <b>CURRENT ASSETS</b>                           | <b>62 914</b>    | <b>1 398</b>     | <b>29 141</b>     |
| <b>TOTAL ASSETS</b>                             | <b>302 849</b>   | <b>10 980</b>    | <b>76 831</b>     |
|   |                  |                  |                   |
| Subscribed capital                              | 80               | 80               | 80                |
| Reserves  | 272 609          | 17 045           | 75 109            |
| Retained earnings                               | -19 777          | -14 005          | -14 835           |
| Profit (loss) for the period                    | -2 578           | -309             | -4 884            |
| <b>TOTAL CAPITAL AND RESERVES</b>               | <b>250 336</b>   | <b>2 812</b>     | <b>55 469</b>     |
| Appropriations                                  | 2 228            | 0                | 45                |
| Provisions                                      | 19               | 0                | 31                |
| Long-term loans                                 | 7 451            | 5 996            | 4 093             |
| Short-term liabilities                          | 42 815           | 2 172            | 17 192            |
| <b>TOTAL CREDITORS</b>                          | <b>50 366</b>    | <b>8 168</b>     | <b>21 285</b>     |
| <b>TOTAL CAPITAL, RESERVES, AND LIABILITIES</b> | <b>302 849</b>   | <b>10 980</b>    | <b>76 831</b>     |

## Contacts

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## About SkartaNYAB Oyj

SkartaNYAB is a builder of a clean future with decades of experience in complex and demanding projects. Our strategy is based on a strong competence and expertise in specialized construction, and we aim at expanding our activities in the value chain of wind power, solar energy and hydrogen solutions towards the development, construction and ownership of overall projects in clean energy, where we see excellent growth potential. SkartaNYAB is headquartered in Oulu and it has more than 300 employees at different locations in Finland and Sweden.

SkartaNYAB Plc's Certified Adviser is Augment Partners AB, [info@augment.se](mailto:info@augment.se), phone +46 8 604 22 55.

## Attachments

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