KOSKISEN

KOSKISEN

Annual Report **2023**

Woodwise is at the core of our operations

Being woodwise, we ensure that our growth supports the well-being of nature and the success of society. Woodwise means that we are aware that our success is tied to these relationships. Everything we do is based on this understanding.

Koskisen's success is made possible by the partnership with nature, people connected to Koskisen and Finnish society as a whole. Machines will not run without the dedicated efforts of the entire Koskisen community; efforts that spring from well-being and vitality.

> **Woodwise is needed, as forests are too valuable to waste.**

KOSKISEN

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At the core of Koskisen's operations are customer orientation and quality, agility and a flexible business model, as well as sustainability, which lay down the foundation for Koskisen's profitable growth.

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Koskisen invests in the energy efficiency and use of renewable energy.

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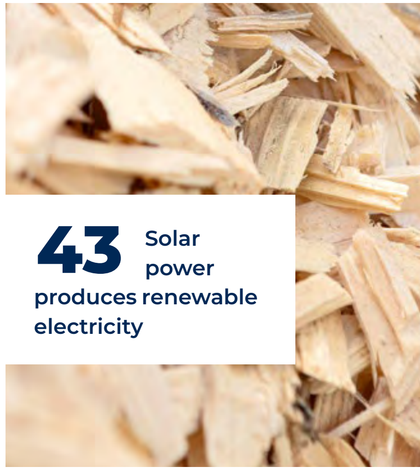


Koskisen on the path of sustainable growth

Koskisen implements the green transition with the aim of creating value for our customers, personnel, shareholders and society as a whole. We emphasise the importance of woodwise in all of our operations and consider both the forest and society as partners in our operations. We meet the growing demand of the global wood products market.

Of Koskisen's businesses, the **Sawn Timber Industry** business segment produces sawn timber and processed products, while the **Panel Industry** segment produces plywood, thin plywood, veneer, chipboard and interior solutions for light utility vehicles under the Kore brand.

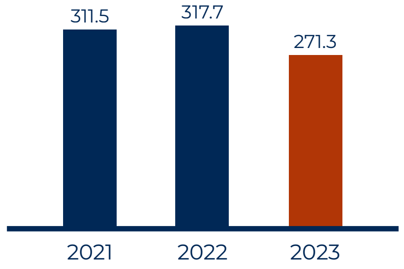
Koskisen's **customers** include the logistics, construction, automotive, stamping, furniture, interior decoration, packaging and chemical forest industries. Some of Koskisen's products are also sold to wholesalers and distributors.

Koskisen mainly procures wood from private forest owners in **Finland** and complies with the requirements of the PEFC and FSC chain of custody certificates in all of its wood procurement.

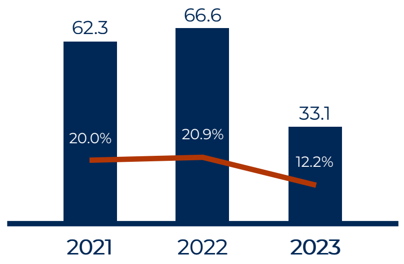
Koskisen's **production facilities** are located in Järvelä and Hirvensalmi, Finland, as well as in Toporów, Poland. The full-scale production of the new sawmill built in Järvelä will start during 2024.

Woodwise trade in approximately **70** countries

REVENUE
EUR million

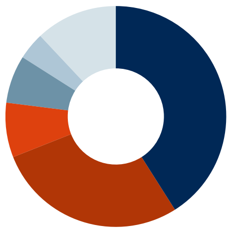


PROFITABILITY
EUR million, %



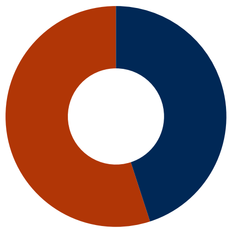
■ Adjusted EBITDA
■ EBITDA margin, %

GEOGRAPHICAL REVENUE IN 2023



■ Finland 41%
■ Other EU 28%
■ Japan 8%
■ Germany 7%
■ Poland 4%
■ Others 12%

REVENUE BY BUSINESS SEGMENT IN 2023*



■ Sawn Timber Industry 45%
■ Panel Industry 55%

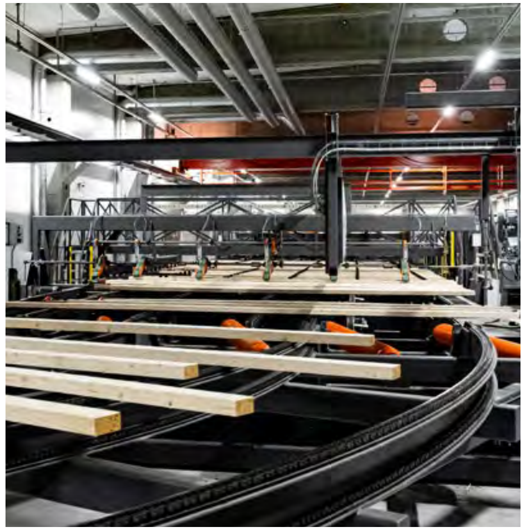
* Share of external revenue in the financial period ended 31 December 2023

Key events in 2023

SALES

In spite of the challenging market conditions, sales of the wood products manufactured by Koskisen – particularly birch plywood – were good.

Revenue EUR
271
million



PROFITABILITY

The profitable Panel Industry segment compensates for the weakened performance of Sawn Timber Industry.

Adjusted EBITDA EUR
33
million

PRODUCTS

Koskisen is continuously seeking to expand its range of sustainable wood products. New product launches included the fully wood-based Zero furniture panel, as well as KoskiReppu, an online service that provides forest owners with diverse tools for the management of forest assets.

MARKETS AND WOOD PROCUREMENT

In the wood market, the purchase prices of softwood logs and the price of birch raw material remained at a high level. The supply of raw material for both the Sawn Timber Industry and the Panel Industry segments succeeded as planned.

NPS SCORES

Koskisen successfully responded to customer expectations and needs – while employee satisfaction improved to a record-high score.

Customer satisfaction NPS

64

Well-being at work eNPS

19

DEVELOPMENT AND INVESTMENTS

Business development continued with the ramp-up of the new sawmill, the decision to invest in a yard and related operations, as well as investments in a spindleless peeling line that will improve the material efficiency of the plywood factory and a thin plywood press that will improve productivity.

Investments EUR

32

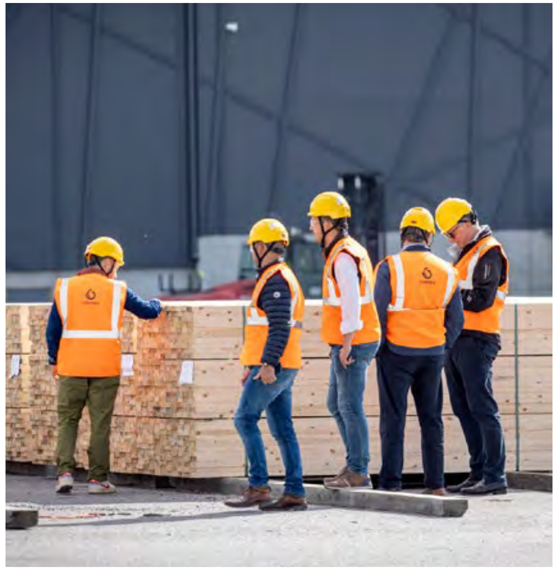
million

NEW SAWMILL OPENING

Koskisen's new sawmill in Järvelä was officially opened on Tuesday 5 September. At the inauguration ceremony, the ribbon was cut by Minister of Social Security Sanni Grahn-Laasonen together with CEO Jukka Pahta, Project Director Lassi Santala and Sawmill Industry Director Tommi Sneck.

During the day, the inauguration was celebrated at Tarhanmäki with sawmill tours, lunch, speeches, ribbon-cutting and a panel discussion. The festivities continued in the evening at Sibeliustalo with speeches, dinner, and musical performances for the invited guests. There were attendees from 15 different countries, totalling approximately 200 people. The furthest guests came from Japan and Australia.

On Saturday 9 September, a grand opening was arranged for Koskisen personnel as well as for contractors and their employees working full-time on the factory premises.



KOSKISEN CONTINUES TO DEVELOP THE PRODUCTION OF SAWMILL INDUSTRY

Koskisen is investing in an eight-hectare log yard at the new sawmill in Järvelä. The investment includes a log sorting yard and line with control rooms, as well as a stormwater treatment system. In addition, a new access route to the factory area, a gate environment, access control and a vehicle scale will be built.

The value of the investment is approximately EUR 15 million and the majority of it will be allocated to 2024. The new log yard and related operations are expected to be completed at the beginning of 2025.

The investment supports Sawmill Industry's growth strategy by making sawn production more efficient and improving its productivity significantly. Once the log field is completed, the sawmill industry's operations will be located on one site, which will enable the development of the new sawmill into the most competitive entity in Finland. The log sorting line includes the latest measurement technology and a larger sorting capacity than before. These will further improve the quality and quantity yield of the raw material.

Wood products from the stock exchange, value for customers and shareholders

We can be satisfied with Koskisen's first full year of being a listed company from the point of view of our customers, the company and its employees, as well as the new shareholders. In spite of the challenging market conditions, sales of the wood products manufactured by Koskisen were good and the profit remained good as well after the record year. We did what we promised and reached our guidance, and we will pay a significant dividends.

Continued high interest rates, geopolitical challenges and general uncertainty were reflected in lower demand in Koskisen's market. Of Koskisen's business operations, Sawn Timber Industry had a good start to the year, but the recession in construction was

Our balance sheet is in order, our targets are ambitious and we have launched new growth-oriented activities.

reflected particularly in the development towards the end of the year. The Panel Industry segment, in turn, developed more steadily during the year, and its better profitability compensated for the weakened performance of Sawn Timber Industry. Overall, we achieved a good profit level in 2023, considering the market situation.

In the timber market, the disappearance of Russian supply has increased demand in Finnish forests and kept timber prices exceptionally high. Wood procurement for both businesses succeeded as planned. As demand picks up, the current low inventories and scarcity of supply due to the sanctions may raise both the prices of end products and the outlook for industry in the future.

The main event in 2023 was the commissioning of the new sawmill in Järvelä. We managed to implement the largest investment in Koskisen's history while staying within the budget and production starting exactly on the planned date. The new sawmill also aroused great interest among our customers. Invited guests from all over the world came to the opening in the autumn, all the way from Japan, Asia and Australia.

We made other investments in a field that will increase the electricity production capacity and improve energy efficiency, a spindeless peeling line that will improve the material efficiency of the plywood factory and a thin plywood press that will improve energy efficiency. The earthworks of the new log yard, which is due for completion in early 2025, also began.

We are continuously seeking to expand our range of sustainable wood products. During 2023, we launched the fully wood-based Zero furniture panel, among other products, as well as KoskiReppu, an online service that provides forest owners with diverse tools for the management of forest assets.

We follow the best practices of sustainable forestry and, during the year, we adopted the recommendations of the new forest programme of the Finnish Sawmills Association, the compliance of which we also monitor with regard to our own contractors. At the same time, we have already prepared for the reporting under the Corporate Sustainability Reporting Directive required next year as one of the first of our field to prepare a double materiality analysis, which will determine our sustainability work and its objectives and indicators going forward.

We continued to invest in the well-being and training of our employees. We maintained the good development of the previous year and achieved the best result ever in the occupational well-being survey. Investments in managerial activities in particular were reflected in positive feedback on the quality of immediate supervisor's work, management and encouragement for successes. Our employees have also experienced Koskisen's new position as a listed company as a positive thing.

Our operations are supported by all of the key megatrends. The share of wood and wood-based products in construction must increase in the future if the net zero-emission targets are to be maintained. Koskisen will play a strong role in this development.

Therefore, we look to the future with confidence. Our balance sheet is in order, our targets are ambitious and we have launched new growth-oriented activities. We also do not exclude potential acquisitions in the future.

In particular, I would like to thank our customers, employees and shareholders for both the past year and the beginning of the journey as a listed company. At Koskisen, we are committed to sustainable growth, partnership, the continuous development of our operations and innovation. Our heart, i.e. our new factory, is in good condition and our relationship with our stakeholders is warm. Our goal is to create lots of value for you, for us and for society as a whole.

Jukka Pahta
CEO of Koskisen

Business operations

Pioneer in sustainable wood processing

Sustainable development, environmental awareness, urbanisation and increasing logistics volumes will increase the market and global demand for wood and wood-based products. At the core of Koskisen's operations are customer orientation and quality, agility and a flexible business model, as well as sustainability, which lay down the foundation for Koskisen's profitable growth.

Wood and wood products for global needs

Sustainable development, environmental awareness, urbanisation and increasing logistics volumes are global megatrends that are shaping and growing the market for wood products.

Sustainable development, environmental awareness, urbanisation and increasing logistics volumes are shaping the market for wood products and supporting the use of wood and wood products, as well as growth in their demand.

The demand for the products offered by Koskisen is particularly affected by the increasing use of wood in all construction and interior decoration, logistics and packaging supplies, furniture, as well as in the furnishing of distribution and transport vehicles. In addition, Koskisen supplies roundwood to other wood-using industries for further processing and energy production.

Thanks to its global presence, diverse product range and customer-oriented attitude, Koskisen is well positioned to benefit from the key trends affecting the wood product industry.

Megatrends

SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL AWARENESS INCREASE THE APPRECIATION OF WOOD

Regulatory reforms in Europe will guide green building and support the transition to a sustainable circular economy. At the same time, consumers are becoming more environmentally conscious and choices are changing in a more sustainable direction. Wood is a sustainable and circular natural raw material that is able to respond to changing needs at all levels.

All new public buildings must be at least

50%

wood in France

The operations of an increasing number of companies are based on the use of ecological and renewable raw materials, supporting the demand for wood products in Koskisen's international target market. Koskisen provides its customers with wood products needed to meet the requirements of sustainable development.

WOOD HOLDS ITS OWN IN CONSTRUCTION AND INTERIOR DECORATION

Urbanisation increases the volume of new construction and renovation, and environmental awareness and the green transition of construction increase the share of wood in the construction and interior decoration market. The carbon footprint of new and renovated buildings is minimised with low-carbon and carbon-negative building materials, such as wood, which replaces other environment burdening building materials. In Europe, the share of renovations has been steadily increasing, and the demand for wood and wooden furniture is also increased by the increase in demand for first homes and the interior design needed for them.

In Finland, too, efforts are being made to increase the use of wood in public construction. Builders are the most important end-users of Koskisen's products, and Koskisen's panel products are widely used in different applications in the furniture industry.

More than

50%

Renovation as a proportion of total construction output in the EU

+3.3%

Estimated average annual growth of the European furniture market 2024–2028

PLYWOOD IS UNPARALLED IN COMMERCE LOGISTICS

With globalisation, increasing logistical volumes and the strong growth in e-commerce and its delivery volumes will increase the demand for light utility vehicles, such as trucks and vans. It is also further increased by the electrification of older light utility vehicles.

The growth in the demand for transport and light utility vehicles also supports the demand for wooden panels produced by Koskisen. The plywood produced by Koskisen is used in the interior decoration of light utility vehicles, such as floors, linings and shelves. Koskisen's Kore solutions cover all the panel needs of light utility vehicles.

+21%

UK registrations of new light utility vehicles 2023

+41%

Estimated increase in global parcel delivery volume 2023–2027

Sources: GreenBiz 13 February 2023; Statista: Market Insights (Furniture-Europe), Jan 2024; SMMT: UK demand for new vans grows in every month of 2023, Jan 2024; Statista: Parcel shipping volume worldwide 2013-2027, Sep 2023; Euroconstruct, ING Research, Dec 2023; company data

Market for wood products

Koskisen operates in both local and global wood product markets, primarily in softwood sawn timber, birch plywood and chipboard. Global demand for wood products is expected to grow in the future. Koskisen's diverse product range reduces Koskisen's exposure to price and demand fluctuations of individual products and product categories.

The availability of timber meeting market demand and raw material supply in areas important to Koskisen have realised as planned. All wood used in Koskisen's production has been procured entirely from Finland in 2023.

SOFTWOOD SAWN TIMBER

According to Koskisen's estimate, about one-fifth of the global softwood sawn timber market of approximately EUR 155 billion can be considered to be included in the company's addressable market. Softwood sawn timber is used in the European market especially for construction, packaging, carpentry industry and furniture. Global demand for softwood sawn timber is expected to grow steadily towards 2030.

Global sawn timber market*

1.9%

average annual growth 2020–2030, estimated

395

million cubic metres market size in 2030, estimated

*Excluding Russia and Belarus.

BIRCH PLYWOOD

The majority of the global birch plywood market of more than EUR 3 billion is concentrated in Europe, and Koskisen believes that reaches about two-thirds of it. In Europe, birch plywood is a traditional panel option. Its demand has grown steadily, not only in Europe, but also globally due to the strong growth of the transport and construction sectors. Russia's exit from the market has increased the supply shortage in the European market.

Market for birch plywood in Europe

2.3%

average annual growth 2020–2030, estimated

5.2

million cubic metres market size in 2030, estimated

CHIPBOARD

The European chipboard market consists of a wide range of products used in furniture, interior decoration and construction. Demand in Europe is expected to grow mainly due to increased demand from furniture production and the construction industry. The main market for Koskisen's chipboard is in Finland, where the company is the only manufacturer of chipboard, meeting about half of domestic demand.

European chipboard market

2.2%

average annual growth 2020–2030, estimated

46.3

million cubic metres market size in 2030, estimated

Source: AFRY market research

Koskisen's competitors

Koskisen competes in the global sawn timber market with very different competitors, such as large international timber industry companies and medium-sized and small local companies. Koskisen is one of the largest companies in the birch plywood market in Europe. In the chipboard market, Koskisen faces competition only from outside Finland. The main competitors of Koskisen's Kore brand, which offers plywood solutions and interiors for utility vehicles, are relatively small automotive solutions industry companies in Central and Eastern Europe.

Aiming for profitable and sustainable growth

At the core of Koskisen's operations are customer orientation and quality, agility and a flexible business model, as well as sustainability, which lay down the foundation for Koskisen's profitable growth. Koskisen has also set financial targets relating to growth, profitability and balance sheet.

Key actions to support the achievement of the targets in 2023 have included the new sawmill, efficiency measures, systematic product development and planned growth through investments and new products.

At the core of Koskisen's operations

CUSTOMER ORIENTATION AND QUALITY

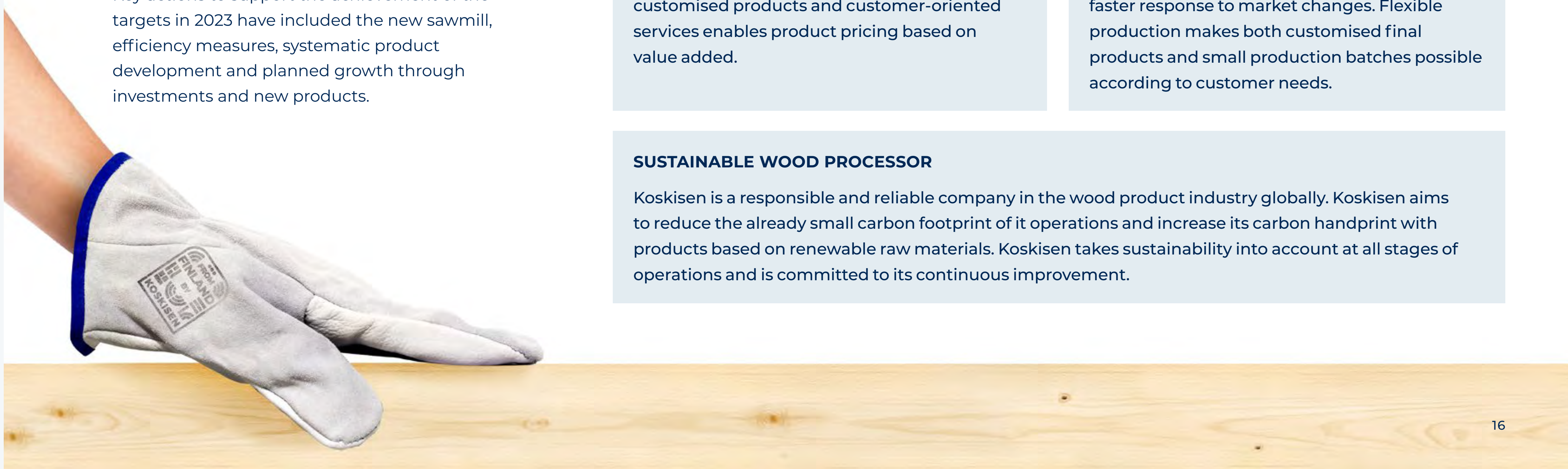
Koskisen is known for the high quality of its products and operations and the customer orientation of its personnel. Koskisen strives to be a creative and agile party to the wood product market and to continuously develop new innovative solutions for its current and potential customers. Providing high-quality and customised products and customer-oriented services enables product pricing based on value added.

AGILITY AND A FLEXIBLE BUSINESS MODEL

Koskisen stands out from many of its competitors with its customer-centric and agile way of operating and high-quality service. The flexible business model that emphasises direct sales strengthens customer relationships, reduces Koskisen's sensitivity to market cycles and enables both flexible service and faster response to market changes. Flexible production makes both customised final products and small production batches possible according to customer needs.

SUSTAINABLE WOOD PROCESSOR

Koskisen is a responsible and reliable company in the wood product industry globally. Koskisen aims to reduce the already small carbon footprint of it operations and increase its carbon handprint with products based on renewable raw materials. Koskisen takes sustainability into account at all stages of operations and is committed to its continuous improvement.



Financial objectives for 2027

GROWTH
revenue of EUR 500 million for the financial period ending on 31 December 2027, including both organic and inorganic growth

PROFITABILITY
adjusted EBITDA margin averaging 15 per cent on average over cycle

BALANCE
maintaining a strong balance sheet

DIVIDEND POLICY
Koskisen's dividend policy is to pay an attractive dividend of at least one-third of the net profit each year.

Key actions to support the achievement of the growth targets

In 2023, the most significant measure supporting the achievement of the growth objectives was the construction of a new sawmill in Järvelä and the ramp-up of its production. The new sawmill is expected to increase production capacity from the previous 300,000 cubic metres initially to 400,000 cubic metres of softwood sawn timber from 2024 onwards. Total investments in the new sawmill over the period 2021–2024 amount to approximately EUR 50 million, and with limited additional investments, production capacity can be increased to up to 450,000 cubic metres in the future. During the past year, production and efficiency were also improved with several other smaller investments.

Koskisen is constantly seeking to develop new solutions to keep up with the development of the wood products industry, while actively seeking to expand its range of sustainable wood products. For example, the smart SENSi floor panel for transport equipment, which enables optimisation of cargo space utilisation with real-time data, is under development. New product launches included the fully wood-based Zero furniture panel, as well as KoskiReppu, an online service that provides forest owners with diverse tools for the management of forest assets.

In spite of the challenging market conditions, sales of the wood products manufactured by Koskisen – particularly birch plywood – were good. In addition to organic growth, Koskisen also strives to carry out carefully selected acquisitions aimed primarily at growth.

KEY ACTIONS TO SUPPORT GROWTH

New sawmill
- Growth in production capacity and efficiency from 2024 onwards
- Construction of the channel dryer is under way

Efficiency improvement measures
- New sawmill phase 2
- Construction of the new log yard is under way
- Commissioning of the peeling line
- Commissioning of a new thin plywood press
- Other smaller investments

Systematic product development
- SENSi
- The commercial production of Zero panels began
- New dimensions in sawn timber
- Other sustainable innovations produced

Organic and inorganic growth
- Procurement volumes and market consolidation
- Growth in volumes through investments and new products
- Potential selective acquisitions

Sawn Timber Industry and Panel Industry

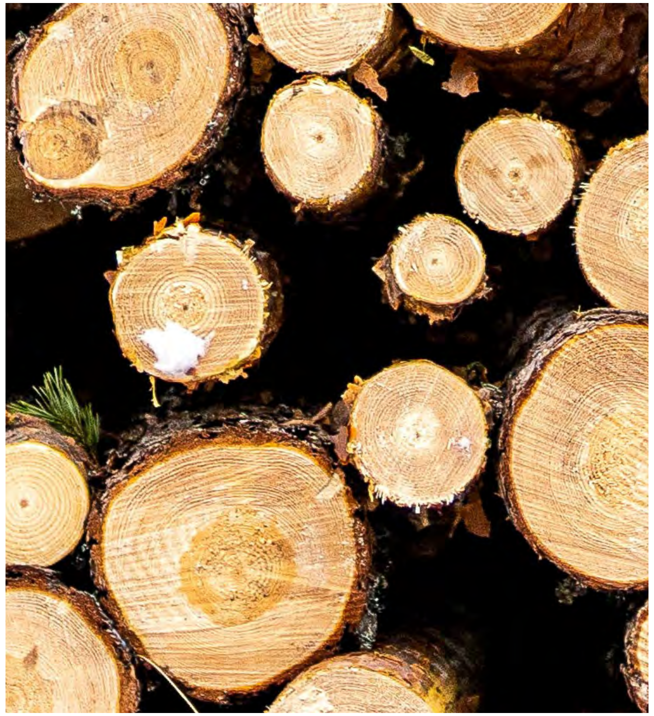
A woodwise pioneer of sustainable wood processing, Koskisen is known for its quality sawmill and panel industry products. Koskisen develops high added value wood products and processes sustainable and responsibly sourced wood raw material into high-quality products for demanding customers in Finland and around the world. The main products of the Sawn Timber Industry and Panel Industry businesses are sawn timber, plywood and chipboard.

Koskisen's entire value chain, from harvesting to final products, is designed around synergetic and sustainable material flows. In wood procurement, Koskisen aims to ensure the availability of high-quality certified Finnish wood also in the future. Long-lasting wood products manufactured by Koskisen bind carbon for decades. The carbon handprint emphasising the positive emissions impacts of Koskisen was over two times larger than its carbon footprint emphasising the negative emissions impacts in 2023.

The main products of the Sawn Timber Industry and Panel Industry businesses are sawn timber, plywood and chipboard.

Sawn Timber Industry

The Sawn Timber Industry business provides sawn timber and processed products produced from high-quality wood raw material. The turnover of Sawn Timber Industry is comprised of sales of sawn timber and processed timber to construction end-users (professionals and DIY) and companies in the packaging, carpentry and furniture sectors. The Sawn Timber Industry business also includes wood procurement and wood procurement side products for pulp and paper industry and bioenergy for several power plants. Sawn timber and processed products are also sold to a significant extent to markets outside Finland, especially to Japan (JAS certificate).



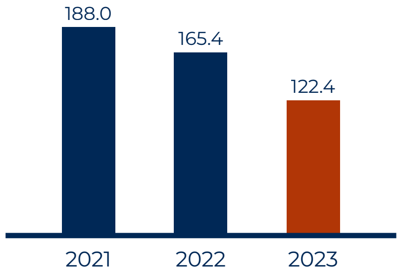
Sawn timber
Koskisen manufactures both standard sawn timber and high-precision and strength graded sawn timber from spruce and pine.

Processed timber
Koskisen further processes approximately 40 per cent of the sawn timber it produces mainly by planing and, to a lesser extent, by painting.

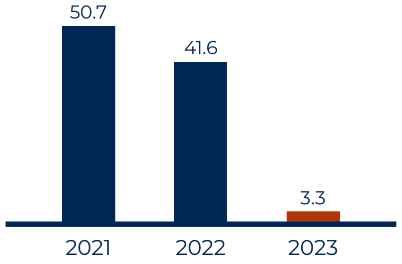
Bioenergy
Koskisen supplies raw materials to several bioenergy power plants – including the power plants operated by Loimua, which are located at the Koskisen production plant in Järvelä.

Wood procurement
Koskisen procures wood mainly from private forest owners in Finland and offers them versatile forestry services. Koskisen uses the majority of the wood it procures in its own operations and sells the rest to third parties, such as for energy use and to the chemical forest industry. Koskisen complies with the requirements of the PEFC and FSC chain of custody certificates in all wood procurement.

SAWN TIMBER INDUSTRY REVENUE
EUR million

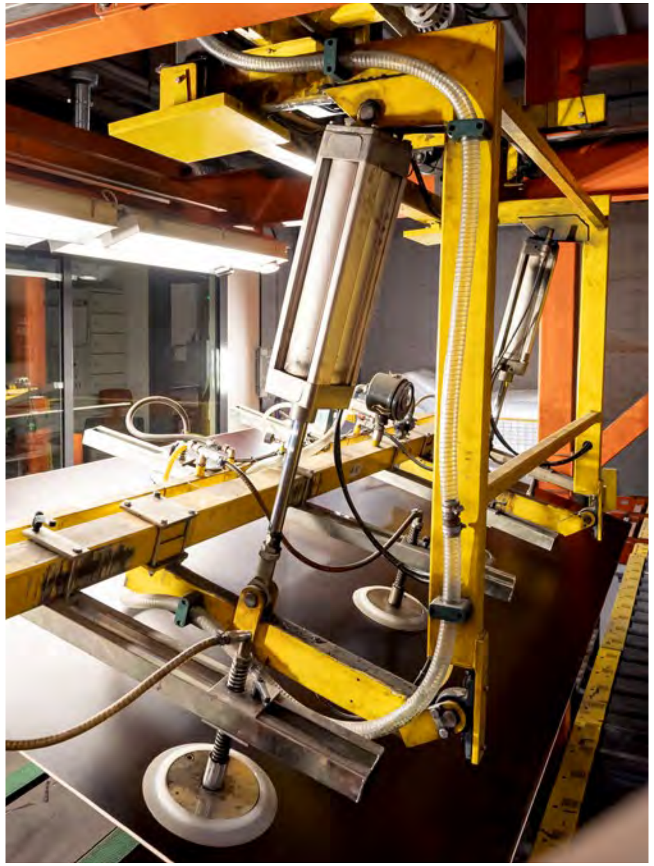


SAWN TIMBER INDUSTRY EBITDA
EUR million



Panel Industry

The Panel Industry segment offers customised high-quality panel solutions to Koskisen's customers. Panel Industry produces birch plywood, thin plywood, veneers, chipboard and optimised interior solutions for vans and trucks. The majority of the total production of Panel Industry is sold abroad, while Finland is the main market for chipboards. The largest customer groups are the construction, vehicle and furniture industries.



Plywood

Koskisen manufactures customised birch plywood panels and floor products for construction, light and heavy utility vehicles (such as vehicle and trailer floors), packaging, interior design, furniture and the carpentry industry.

Chipboard

Koskisen produces a wide range of chipboard products from sawdust and wood chips generated as by-products in Koskisen's sawmills and birch plywood production. The chipboard products are manufactured at Koskisen's production plant in Järvelä, which is the only chipboard factory in Finland.

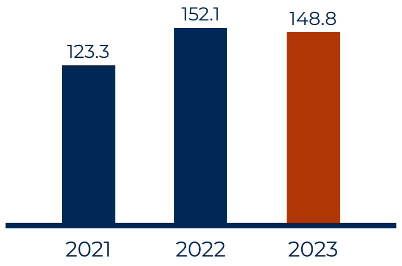
Thin plywood and veneer

Koskisen manufactures durable and flexible thin plywood and birch veneer, which are suitable for laser cutting, moulding, design products, interior elements, lamps, technical panels and CNC machining. The largest end-user segments of Koskisen's thin plywood and veneer are the furniture and carpentry industry.

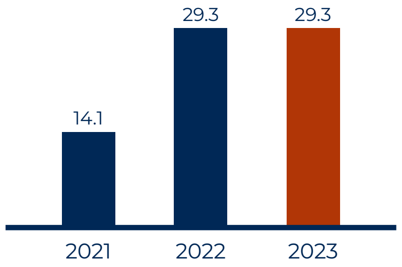
Kore

Koskisen manufactures interior solutions for light utility vehicles from Finnish plywood and other materials under the Kore brand.

PANEL INDUSTRY REVENUE
EUR million



PANEL INDUSTRY EBITDA
EUR million



Strengths accelerate steps on the growth path

As an investment, Koskisen is a unique combination of customer-oriented top expertise, wood processing technology and the wisdom to use wood and forests sustainably and profitably.

Strengths and competitive advantages

1. Themes related to sustainability increase Koskisen's addressable markets
Green construction, increased logistics volumes and increased use of wood in construction and furniture will increase the demand for Koskisen's sawn timber and plywood products.

2. Taking sustainability into account in all stages of Koskisen's production
Koskisen produces sustainable and renewable wood products, the origin of which it certifies, as well as wood procurement and forestry services that optimise the value of the forest and take biodiversity into account.

3. A pioneer in integrated mechanical wood processing
Koskisen's integrated operating model enables both the optimum use of wood raw material at production facilities and the availability of high-quality wood raw material.

4. High-quality custom products from Finnish wood
Koskisen's high-quality products and services facilitate higher pricing, especially for panel products. Koskisen is also able to produce smaller batches of custom products in a customer-oriented manner.

5. Investments lay down the foundation for further improving financial performance
Koskisen has identified growth paths with investments in production plants and product development, aiming to increase revenue and improve efficiency and profitability.

Sustainability review

Responsibility throughout the value chain

Koskisen's operations are based on sustainable forestry and skilled wood procurement, processing wood into bioeconomy products and the green transition, as well as creating added value for customers and other stakeholders. Responsibility is taken into account throughout the entire value chain.

Wisdom to use wood sustainably

Woodwise is at the core of our sustainable business. The entire value chain, from harvesting to final products, is designed around synergetic and sustainable material flows. We manage responsibility as part of strategy and operational activities in accordance with our values.

Koskinen's operations are based on sustainable forestry and competent wood sourcing, the processing of wood into bioeconomy products and green transition, and the creation of added value for customers and other stakeholders. All operations are based on the customer's needs and the customer's experience of quality, as well as working in close cooperation with various stakeholders. We want to be a reliable and face-to-face partner.

> **We manage responsibility as part of strategy and operational activities in accordance with our values.**

The sustainability framework creates a path to the future

During 2023, Koskisen carried out an analysis in accordance with the double materiality principle of the European Sustainability Reporting Standards (ESRS) to deepen its understanding of the company's sustainability matters and their impacts on and risks and opportunities for the environment, society and governance throughout the value chain.

As a result of the analysis, Koskisen's most significant sustainability matters are related to climate change, biodiversity, circular economy and its own workforce. Koskisen's management team participated in the double materiality analysis process, as did key stakeholders.

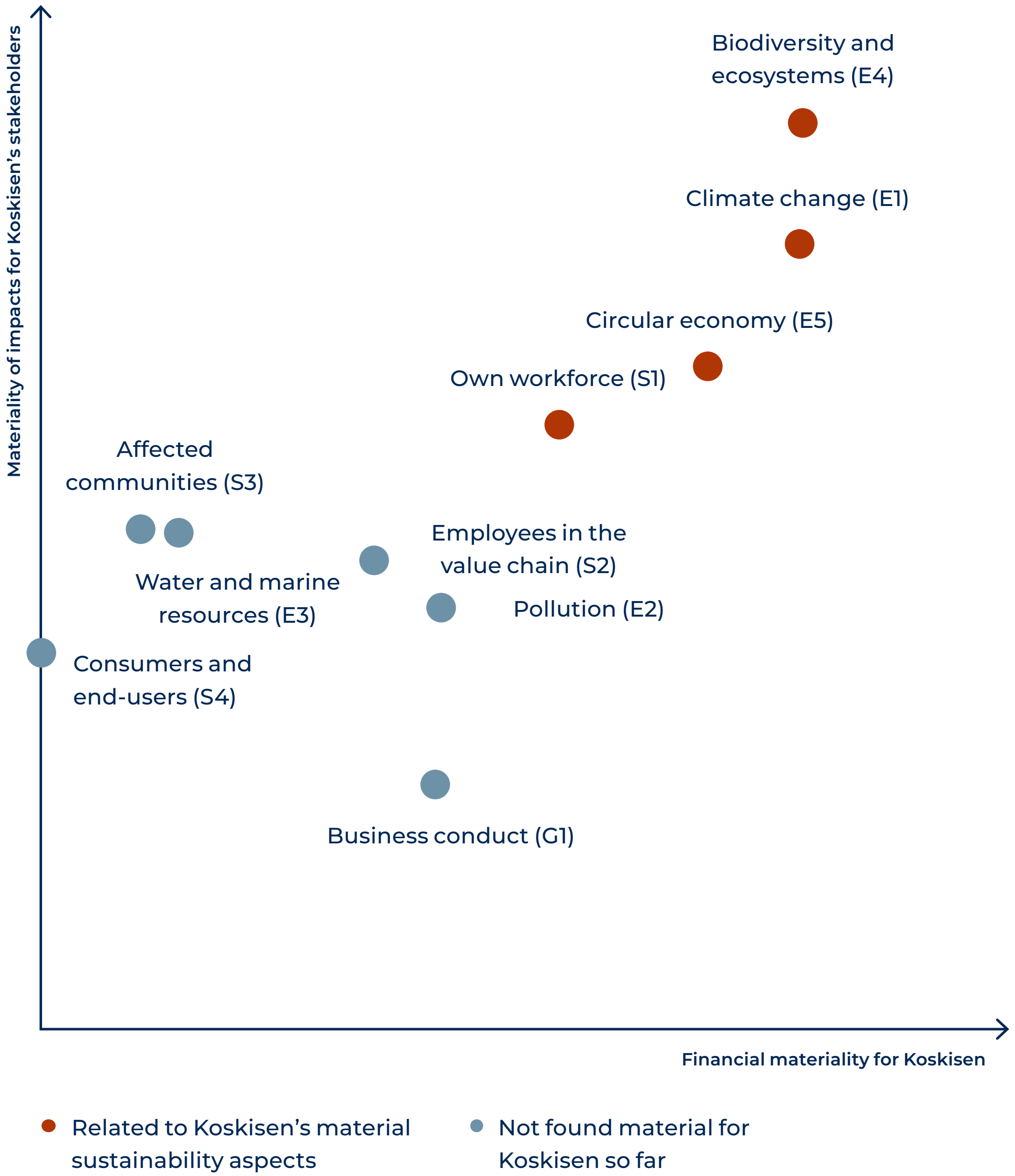
In addition to these, a solid foundation for responsible business is built by considering the environment, human rights, local communities and networks, and the supply chain as part of our management practices.

Koskisen's business model and strategy are based on close customer relationships, quality, sustainability and agility in business operations.

KOSKISEN'S SUSTAINABILITY FRAMEWORK PRINCIPLES ARE:

- We use natural resources wisely and promote biodiversity
- We mitigate climate change and adapt to the future
- We invest in sustainable bio-circular economy solutions
- We are an attractive and fair employer

MATERIALITY MATRIX



- **Biodiversity and ecosystems** (E4)
  The impacts of wood raw material procurement and risks related to biodiversity development on the availability of raw material
- **Climate change** (E1)
  Carbon sequestration in wood products, operational emissions, energy consumption and climate issues related to wood raw material procurement
- **Circular economy** (E5)
  Renewable raw materials, impacts and regulatory risks related to side streams, use of recycled materials and use and availability of other key resources
- **Own workforce** (S1)
  Koskisen's position as a significant local employer, the impacts and risks associated with freedom of association and the health and safety of employees
- **Employees in the value chain** (S2)
- **Pollution** (E2)
- **Affected communities** (S3)
- **Water and marine resources** (E3)
- **Business conduct** (G1)
- **Consumers and end-users** (S4)

Although all sustainability topics are important for Koskisen, and the activities avoid causing harm to any stakeholders, some of the topics were found to be non-material in the ESRS sense so far.

The ESRS defines primary users of general-purpose financial reporting (existing and potential investors, lenders and other creditors) as users of sustainability statements. Therefore, Koskisen's material sustainability aspects concern topics which, in the light of current knowledge, are considered material to a holistic understanding of Koskisen's value creation.

> **Koskisen develops its operations in such a way that the management of sustainability matters becomes an even more integral part of the management system, and they are managed with the help of clear operating principles.**

STRATEGY

We use natural resources wisely and promote biodiversity

We mitigate climate change and adapt to the future

We invest in sustainable bioeconomy solutions

We are an attractive and fair employer

We take into account the environment, human rights, local communities, networks and the entire supply chain in our management practices and business operations

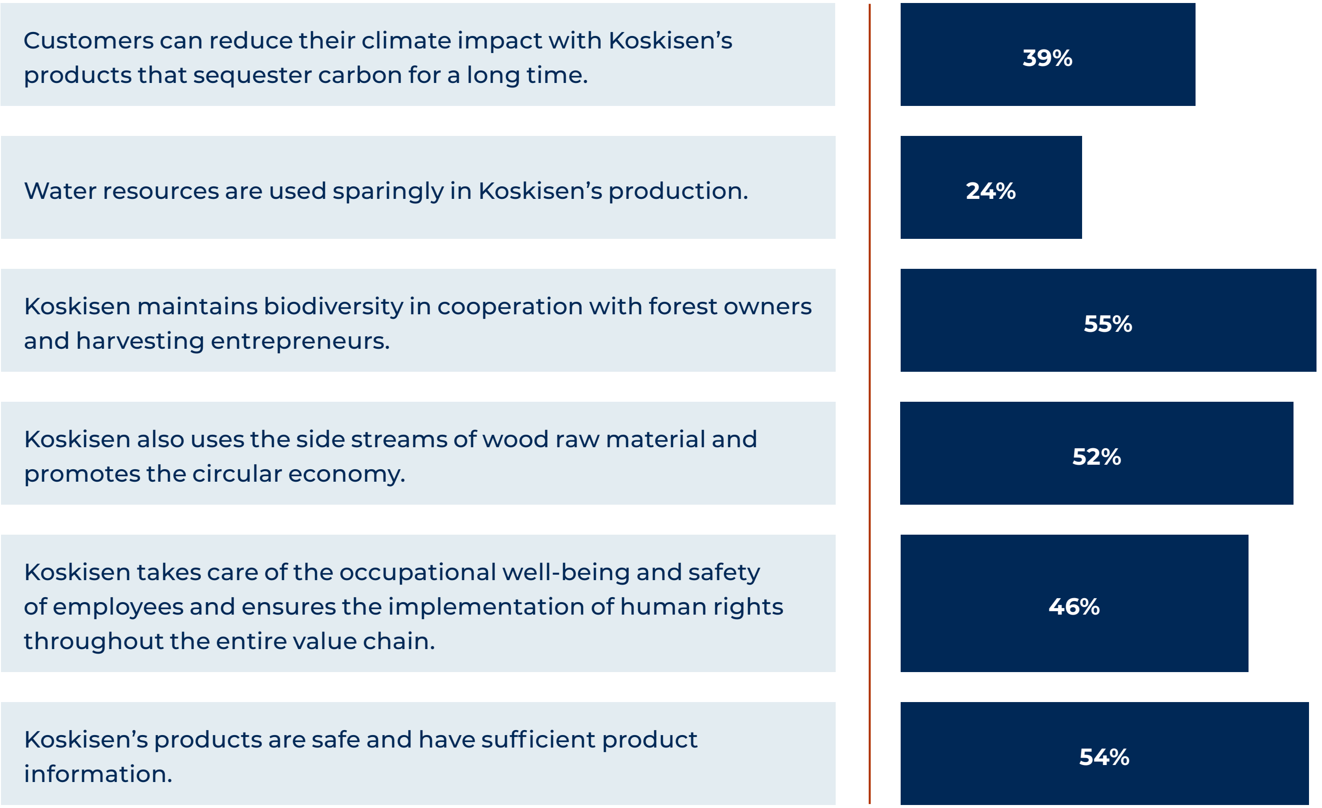
OPERATIONS

The results of the double materiality analysis were also tested in the 2023 customer satisfaction survey, where questions about material sustainability matters were raised. The results support the double materiality analysis.

Koskisen's business model and strategy are based on close customer relationships, quality, sustainability and agility in business operations. During 2023, the Group's strategy update was started and sustainability matters and the direction for future growth were determined, taking into account the most significant sustainability matters as drivers of strategy and business.

The year 2023 has meant preparation for the requirements of Directive (EU) 2022/2464, which will enter into force at the beginning of 2024, and the sustainability standards under it, in close cooperation with different parts of the organisation. Koskisen develops its operations in such a way that the management of sustainability matters becomes an even more integral part of the management system, and they are managed with the help of clear operating principles. Koskisen's administrative and management bodies will set metrics and targets for significant sustainability matters during 2024.

During 2024, Koskisen will start planning to implement the human rights due diligence.
A report on the environmental due diligence was prepared in 2022 and the measures to develop the notes were started in 2023.



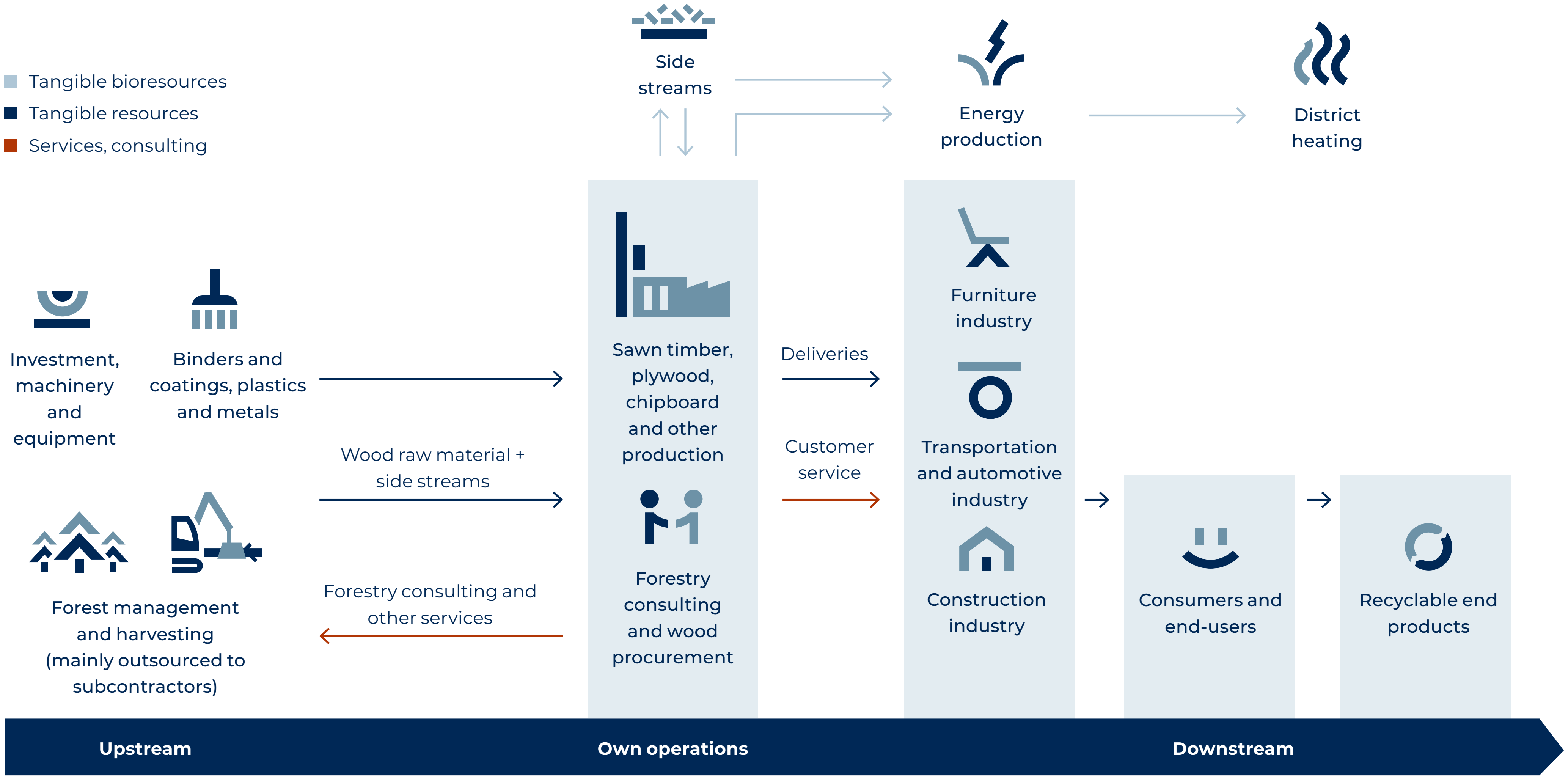
According to a customer survey carried out in 2023, Koskinen's customers consider the most important sustainability topics.

Value is created together

Koskisen's impact on people and the environment is significant at the beginning of the value chain, where the impact is on the procurement of raw materials and materials and their transportation to production facilities. In our own production operations, the impacts are directed at our own workforce, contractors and environmental factors. The comprehensive use of raw materials and the utilisation of side streams create positive impacts from the point of view of the bio-circular economy. Through the products it manufactures at the end of the value chain, Koskisen impacts the customers' environmental footprint with wood-based products that bind carbon.

The comprehensive use of raw materials and the utilisation of side streams create positive impacts from the point of view of the bio-circular economy.

KOSKISEN'S VALUE CHAIN



Most of the social impact on surrounding communities occurs upstream in Koskisen's value chain and in the company's own operations.

Koskisen's stakeholders

Koskisen wants to be a builder of a sustainable society, an active member of local communities and a joint developer of the industry.

The local communities in the locations where Koskisen's factories are located are important in Finland and Poland, as a large number of employees come from the local area. A healthy and vibrant local community is in Koskisen's interest, which is why connections and cooperation with local communities are actively developed and maintained.

The importance of the different supply chain parts is significant for Koskisen by affecting the activities of these stakeholders from many angles: a direct effect on the economy, but an indirect effect on human rights and their respect.

The longevity of customer relationships is a matter of honour for Koskisen. Therefore, all activities are always based on the customer's needs. Koskisen is known for quality and positive customer experience.

Koskisen has mapped the most significant stakeholders and channels of communication and cooperation. Activity is guided by the strategy and special local needs. Our support activities have also taken into account a long-term strategic view.

> **A healthy and vibrant local community is in Koskisen's interest, which is why connections and cooperation with local communities are actively developed and maintained.**

We educate, influence, educate

Koskisen is an active trainer and influencer in society on themes that are important to it and its stakeholders. Advocacy activities are primarily carried out through organisations.

Koskisen actively cooperates with the municipality of Kärkölä, its hometown, to improve the attractiveness of the area, and implements different cooperation projects with educational institutions and students in the field.

Our training partners:

- Jyväskylä Joint Authority for Education Gradia
- LAB University of Applied Sciences
- Aalto University and LUT University
- Training Centre Salpaus

Koskisen is active in several different organisations. Networking is used to develop our learning and to participate in promoting common themes with other actors.

Koskisen is a member of the following networks:

- Family Business Network (PL)
- Finnish Sawmill Association
- European Panel Federation (EPF)
- European Federation of the Plywood Industry (FEIC)
- The Finnish Timber Council
- The Federation of Finnish Enterprises
- Finnish Business & Society (FIBS)

Koskisen is an active trainer and influencer in society on themes that are important to it and its stakeholders.

Local impact

In addition to its impact directly on business, Koskisen supports selected non-profit organisations financially in its localities. The support is mainly targeted at sports leisure activities that support the well-being of children and young people, as well as at educational institutions in the wood products and forestry sectors, for example in the form of support for theses or scholarships. The main themes of support activities are:

- Development of future employees' competence
- Supporting future employees' well-being
- Supporting research in our industry and related final theses

Customers

The quality experienced by the customer extends beyond the final product. It includes the entire process of creating the product and the customer interface and its people. Cooperation between different functions and processes as well as with process development ensure that the products and services delivered to the customer comply with the agreed quality level and that they will be produced cost-effectively now and in the future.

In 2023 customer satisfaction NPS

64

(2022: 64)

Quality includes all the raw materials and functions that are necessary before the product reaches the end user and even beyond until the product is decommissioned. Koskisen measures customer satisfaction related to the functionality of cooperation, product deliveries and the end product with NPS (Net Promoter Score).

THE MOST IMPORTANT LINK IN OUR SUPPLY CHAIN IS THE CUSTOMER

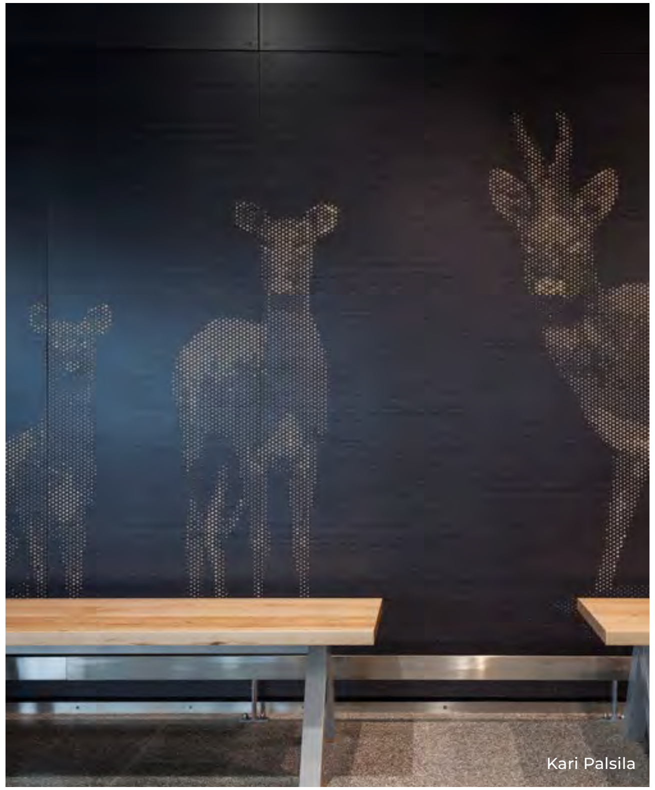
At Koskisen, the needs and wishes of our customers are listened to sensitively. The principles of sustainable operations include a high-quality, long-term and customer-oriented way of working, advanced production machinery and precise quality assurance methods. Customers value the customer-orientation, quality and delivery reliability of products and services. Expertise and attitude, which are reflected in everything we do, are also important success factors.

Supply Chain

LOCAL WELL-BEING FROM WOOD PROCUREMENT

Koskisen's timber trade partners are mainly Finnish private forest owners whose forests are mainly located in Southern and Eastern Finland. In wood procurement, Koskisen operates fairly and with a long-term view, and respects the principles of sustainable forest management, which ensure comprehensively sustainable forest management from an economic, ecological, social and cultural point of view. Our own procurement personnel and partner network work in close cooperation with forest owners. Cooperation with forest owners extends beyond buying and selling wood. In this way, Koskisen strives to comprehensively promote the financial and sustainable well-being of its important partners. Sustainable forest management is at the core of the cooperation.

Koskisen offers forest owners a wide range of forest management services. The services are tailored according to the needs and wishes of the customers. Forest owners who regularly sell wood to Koskisen are offered significant partnership benefits in the timber trade.



Kari Palsila

WOODWISE

KoskiReppu

In 2023, Koskisen launched a new KoskiReppu online service for forest owners, which contains diverse tools for managing forest assets. In the service, for example, you can browse the forest resource data of your own farms and view other forest-related documents, such as timber trade documents.

KoskiReppu supports the forest owner in matters related to financial management, such as monitoring the profitability of wood sales and forestry. Filling out the forest tax declaration is also easier when the documents related to the forest are in one place.

To use the service, you need bank credentials or a mobile certificate. Strong identification ensures the safety of using KoskiReppu. The service is open and free of charge to all forest owners.

In 2023, wood procurement amounted to approximately 1.5 million cubic metres, approximately 80 per cent of which came directly from private forest owners and the rest from other operators. In 2023, Koskisen only sourced wood from Finland.

Koskisen has outsourced all harvesting and transport operations, including their organisation, to third parties. In 2023, Koskisen cooperated with approximately 45 harvesting and transport contractors, ranging in size from a few employees to a few dozen.

KoskiReppu supports the forest owner in matters related to financial management, such as monitoring the profitability of wood sales and forestry.

WE WORK EVERY DAY TO SECURE RESPONSIBLE END-TO-END SUPPLY CHAIN

In our procurements, we favour products and services whose suppliers and subcontractors take good care of their own supply chain. Analysing the supply chain of products and services from raw material sourcing to the end of a product's life cycle is part of everyday risk management. Products, services and operations are evaluated to identify and reduce environmental, health and safety risks. Koskisen is committed to continuous improvement in all its operations and throughout the product supply chain.

Koskisen's supply chain sustainability is ensured by various means along its full extent. When selecting and evaluating suppliers, Koskisen checks not only strategic suitability, product range and product quality, but also environmental and corporate responsibility requirements.

SUPPLIER REQUIREMENTS

Koskisen expects its suppliers to commit to its Code of Conduct and actively promote it. Koskisen's Code of Conduct is reviewed with all key suppliers and incorporated into supplier agreements.

Koskisen requires its suppliers and subcontractors to comply with the legislation in force at any given time and to respect human rights and fundamental labour rights. This means, that suppliers must comply with international human rights conventions and International Labour Organization (ILO) conventions, the UN Convention on the Rights of the Child, the minimum wage and working time legislation of each country in which they operate, and general environmental, health and safety requirements. During 2023, Koskisen defined its Supplier Code of Conduct, which it will be introduced during 2024.

Koskisen encourages its suppliers to use management systems such as ISO 9001, ISO 14001, and ISO 45001, as well as the best available technology and practices to reduce environmental impacts, occupational accidents, and health risks.

Koskisen does not use materials sourced from conflict zones in its production. It complies with the principles of fairness and impartiality and requires suppliers to be familiar with its occupational health and safety requirements and guidelines and to comply with them when operating at its locations.

REPORTING AND AUDITS

Responsibility in the supply chain also means that Koskisen systematically collects information about its suppliers and tests materials before selecting and approving them. As part of the selection of materials, Koskisen also assesses product safety risks.

Koskisen conducts audits at its suppliers' production facilities. It requires traceability at every level of the supply chain of the raw materials and products it procures.

Accurate and useful product information

Koskisen complies with product requirements and standards as well as ethical guidelines throughout the order-supply chain. Products and services are traceable and their origin is known.

The labelling of products complies with Finnish and EU legislation. In addition to statutory labelling, voluntary labels are attached to products, which indicate the characteristics of the product and the date of manufacture.

Life cycle analyses (LCA) have been prepared for Koskisen's products and they are presented in Environmental Product Declarations (EPDs), which customers can use in their own life cycle analyses or when creating their own environmental statements. EDP provides reliable and transparent information about the product's environmental impact.

Product safety

Koskisen's products are safe for their intended use and meet the requirements set for them. Compliance and testing are also reported to customers. Product liability includes the management of manufactured products at all sites. Where necessary, customers are provided with support and training to ensure the safe handling and use of products.

The health and safety impacts of products are taken into account already during the product design and product development process. The aim is to minimise the harmful health and environmental impacts of products throughout their life cycle.

Quality control is based on the requirements of international standards and norms as well as customer-specific requirements. Internal quality control is a separate part of the organisation and is supervised by accredited third parties. If necessary, the test results are also forwarded directly to customers. We comply with the ISO 9001 quality standard, the ISO 45001 occupational health and safety standard and the ISO 14001 environmental standard. In addition, the company has product-specific certifications for different end uses.

Koskisen creates value

Koskisen has a significant impact on the financial well-being of its stakeholders and society. Our financial footprint is based on a sustainable, wood-based value chain and value added, as well as on the employment impact of its operations.

Koskisen is a significant industrial employer in Finland, especially at its production plants in Järvelä and Hirvensalmi in Päijät-Häme region and Toporów in Poland. In addition to approximately 900 Koskisen employees, the employment impact extends to approximately 4,000 people in companies providing harvesting, transport and industrial services. 90 per cent of the personnel live in Finland and pay their taxes in Finland.

Visible tax footprint grows from a tree

Koskisen's own tax footprint is created in the production and sales stages of the wood products value chain. In addition to income taxes, it includes other taxes and tax-like payments related to the company's activities. The tax footprint is most significant in Finland and, in terms of corporate taxes, especially in the Päijät-Häme region.

In all the geographical areas of operation Koskisen complies with both local and international legislation in paying, collecting, remitting and reporting taxes.

Value for the end users of the products

Product development emphasises the development of responsible and sustainable product features. The focus is on improving the long-term use, renewability, safety, and traceability of products.

> **Product development emphasises the development of responsible and sustainable product features.**

Financial responsibility key figures

The unaudited sustainability indicators have been modified to be more in accordance with the European Sustainability Reporting Standard (ESRS) that will be fully implemented for the reporting year 2024. The reporting and methodology has been modified also for the comparative year 2022 causing changes to some of the previously reported figures.

PURCHASE OF WOOD FROM FINNISH FOREST OWNERS

MEUR	2023	2022
Purchase of wood from Finnish forest owners	78	71

ECONOMIC VALUE

MEUR	2023	2022
Revenue	271	318
EBITDA	33	66
EBIT	24	58
Return on capital employed (ROCE), %	12%	36%

ECONOMIC VALUE TO EMPLOYEES

MEUR	2023	2022
Salaries paid to employees	39	37

ECONOMIC VALUE TO COMMUNITY

MEUR	2023	2022
Income tax	2	10
Pensions	6	7
Other personnel expenses	2	2
Total	**10**	**19**

ECONOMIC VALUE TO SHAREHOLDERS

MEUR	2023	2022
Dividends	7*	10

*Board of Directors' proposal to the 2024 Annual General Meeting

CAPEX

MEUR	2023	2022
CAPEX, tangible assets	32	27
CAPEX, intangible assets	0	0
CAPEX, right-of-use assets	2	1
Total	**34**	**28**

PURCHASED MATERIAL AND SERVICES

MEUR	2023	2022
Raw materials and consumables	123	123
Change in inventory	-2	3
External services	36	36
Total	**157**	**162**

Koskisen's value creation model

RESOURCES

Production
- 3 production facilities in Finland
- 1 production facility in Poland

Financial resources
- Balance sheet EUR 269 million
- Investments EUR 32 million

Our own workforce
- 883 employees

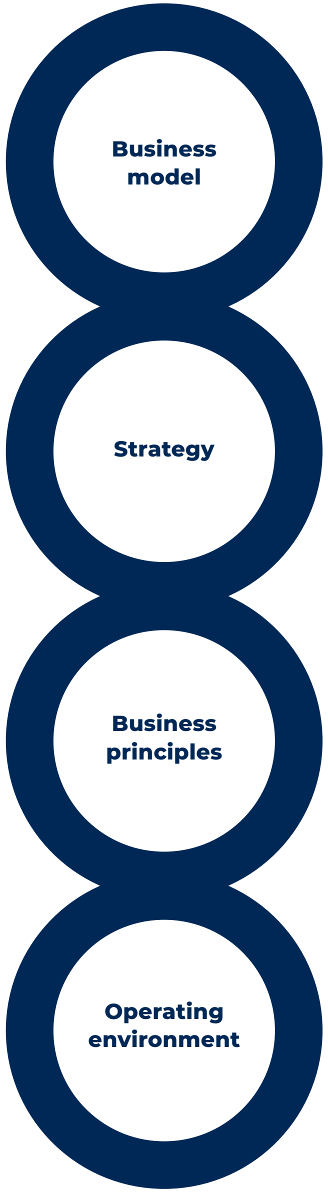
Service providers
- information systems, occupational health care, maintenance, logistics

Raw materials
- Wood raw material
- Other production raw materials
- Packaging materials

Energy
- Energy consumption 365,498 GWh
- Renewable energy accounts for 81% of total energy consumption

Intangible capital
- Competence
- Koskisen brand

Partnerships and networks
- Subcontractors, contractors, suppliers and service providers
- Customers
- Local communities and residents
- Professional networks
- Authorities



VALUATION AND IMPACTS

Value creation and impact
- Customers and end users
- Long-lived products from renewable raw materials that are traceable and of known origin
- Transparent product information on their environmental impact
- Safe, healthy and fit-for-purpose products that meet the requirements set for them
- Products that make it possible to reduce the customer's carbon footprint

Our own workforce
- Wages paid EUR 39 million

Society
- Income taxes EUR 2 million
- Impacts on the vitality of forestry
- Purchased materials and services EUR 157 million

Shareholders and financiers
- Dividends EUR 10 million
- Net financial expenses EUR 0.3 million

Local communities
- Impacts on employment and skills in plant locations
- Support for local clubs

Circular economy impacts
- Local energy production
- Side streams as raw material for other companies

Environmental impacts
- Total greenhouse gas emissions (location-based) 167,745 tCo_2eq.
- Wastewater treatment
- Stormwater collection systems
- Recycled waste 39%

Impacts on nature
- Measures to maintain biodiversity in forest management and wood producement
- Maintaining the ecosystem

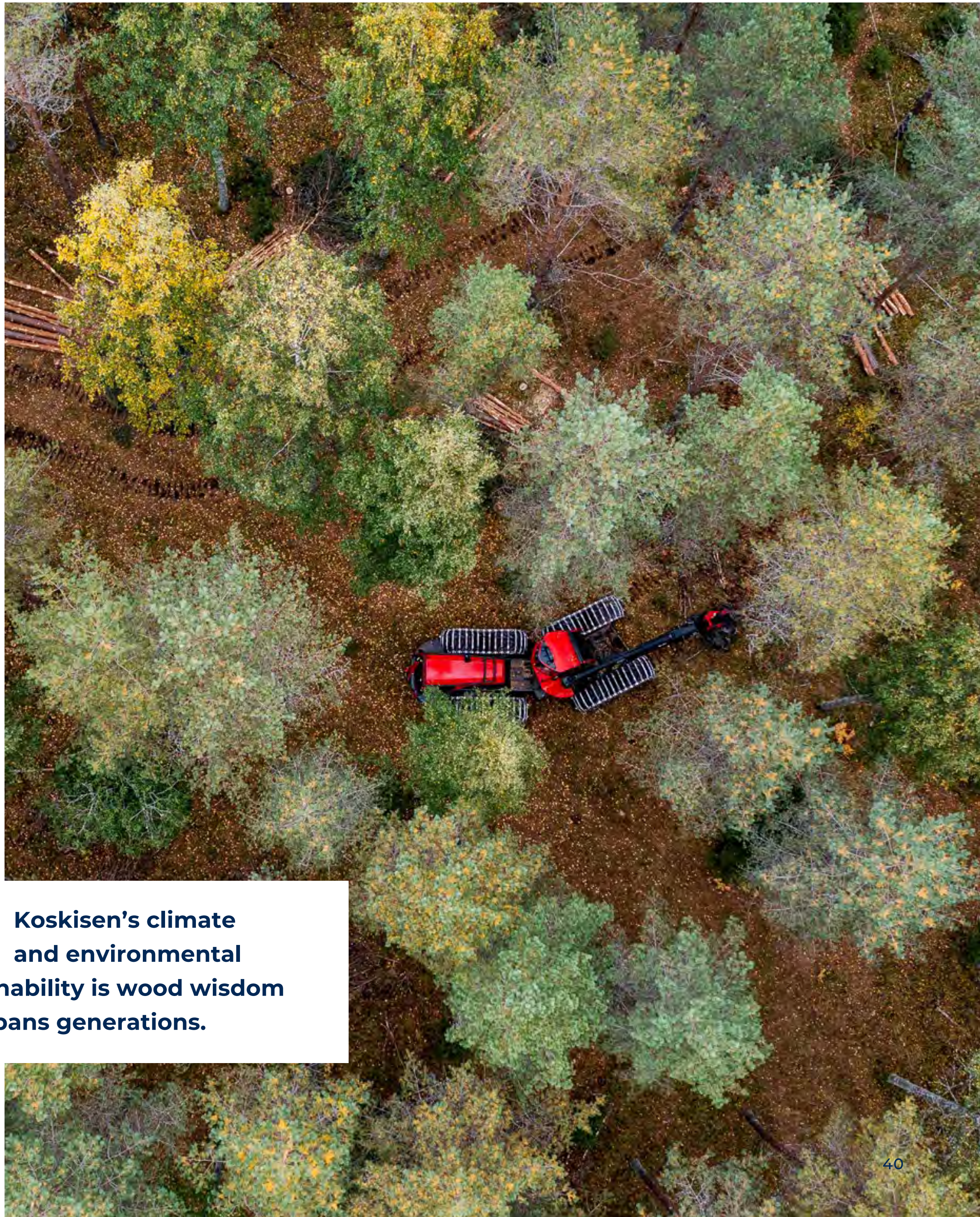
Koskisen is committed to promoting the UN Sustainable Development Goals (SDGs) which are key to its operations.

Extensive environmental work

We understand the environmental and climate impacts of our own operations and produced wood products. The sustainability of wood products and our own operations is comprehensively ensured from an environmental and climate perspective, while wood is utilised as completely as possible.

Koskisen's climate and environmental sustainability is woodwise that spans generations.

Wood is an ecological, renewable and carbon-sequestering material for several end uses. The products manufactured by Koskisen are used, among other things, in construction, the packaging industry, stamping, transport equipment and the carpentry industry around the world.



Koskisen's climate and environmental sustainability is wood wisdom that spans generations.

As a result of the double materiality analysis carried out by Koskisen in 2023, the following sustainability matters emerged from the environment category: mitigation of and adaptation to climate change, biodiversity, and circular economy. During 2024, Koskisen will continue defining concrete measures, metric, and goals for these sustainability matters.

Environmental aspects of Koskisen’s industrial operations are managed in accordance with Koskisen’s, environmental management system (ISO 14001) and environmental permit requirements. The most significant environmental impacts are related to its production units and the resources they use, as well as side streams generated from the production that can be further utilised.

Koskisen’s production facilities are located in Järvelä and Hirvensalmi, Finland and Toporów, Poland. The Finnish units have environmental permits valid until further notice. Koskisen’s operations in Poland do not require separate environmental permits. In Koskisen’s environmental report energy mix, water consumption, wastewater volumes and emissions and other environmental impacts are reported. The report can be downloaded from the material bank on the company’s website.

Environmental risk management

The identification, management and reporting of environmental risks have been implemented as part of Koskisen’s environmental management system. Risks have been identified unit-specifically and locally. Material risks include noise, oil spill and air emissions. Environmental risks and plans for their management are updated regularly.

Environmental aspects of Koskisen’s industrial operations are managed in accordance with Koskisen’s, environmental management system (ISO 14001) and environmental permit requirements. The most significant environmental impacts are related to its production units and the resources they use, as well as side streams generated from the production that can be further utilised.

We mitigate climate change and adapt to the future

To mitigate climate change, Koskisen invests in the energy efficiency of its own production facilities and in increasing the use of renewable energy. Sustainable forest management and wood sourcing that promote forest regeneration are ways to ensure healthy trees and soil as carbon sinks. Koskisen's wood products store the carbon bound by forests during their long service life.

Energy consumption

The focus areas of Koskisen's production facilities in terms of developing energy use are improving energy efficiency intensity, energy saving, increasing the use of renewable energy, the company's own heat production utilisation or the sale of waste heat.

The total energy consumption at Koskisen's production facilities was 365,498 (362,938) MWh in 2023. Energy consumption consists of electricity, thermal energy produced with biofuels and fuel oil used for backup power as well as fuel for company-owned and -leased vehicles. The share of renewable energy sources in the total energy consumption was 81 per cent (85). The energy efficiency was 0.60 MWh (0.66) per cubic metre produced.

During 2023, Koskinen implemented several energy efficiency investments. These included, for example, roof renovations in several production buildings in Järvelä, LED lighting changes in all properties and, in Hirvensalmi, investment in a new thin plywood press, as well as various measures to improve energy efficiency. These will make the unit's production more efficient, increase the share of renewable energy and reduce the amount of purchased energy. Hirvensalmi's investments are expected to save 25–50 per cent of electricity costs. The new sawmill investment introduced in 2023 is also expected to bring energy savings with the stabilisation of the production process.

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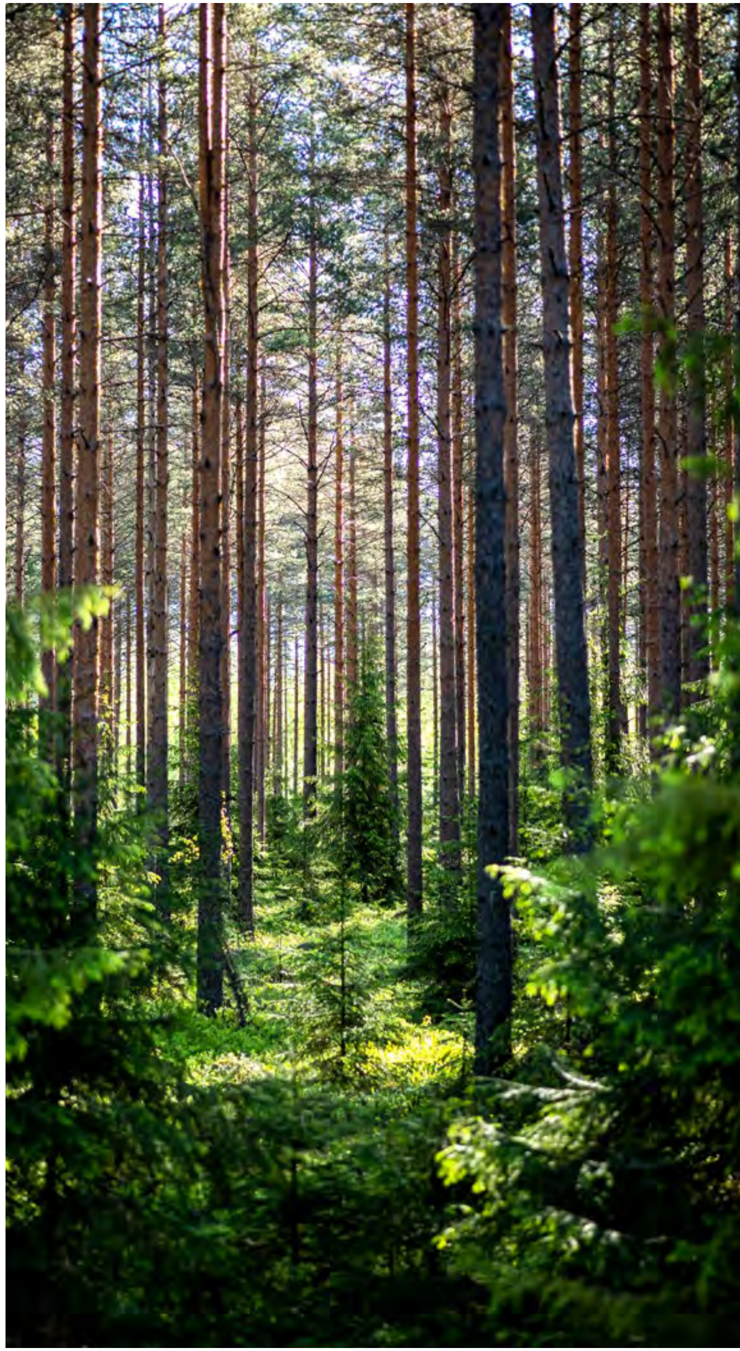


WOODWISE

Case Solar power – renewable electricity

Full electricity production with 3,670 solar panels will be reached in 2024, their construction work was done in 2023. The goal of the project is to increase the production of renewable energy for the plywood and chipboard factories located in the Järvelä Tehdastie industrial area.

When the sun shines from a cloudless sky, the panels can momentarily produce 30 per cent of the electricity of the entire factory area, i.e. birch plywood and chipboard production, on weekdays. At weekends, the corresponding share is up to 65 per cent. Annually, the average share of solar electricity is about 4 per cent.

The size of the investment was EUR 1.6 million. The project received energy support from Business Finland.

Hirvensalmi's new thin plywood press improves productivity and enables the use of renewable energy

Koskisen is investing in a new thin plywood press at its thin plywood production unit in Hirvensalmi. The replacement investment will increase the pressing capacity of thin plywood by approximately a quarter, enable an increase in the range of products and improve product quality.

"With the investment in the new press, production productivity will improve significantly, because at the same time we are able to rationalise the entire production process and its various work phases. The investment will also improve the energy efficiency of production and enable the use of renewable energy," says Unit Manager Miikka Lehtinen.

The new press was deployed by production at the turn of August and September. In addition to this investment, several small investments have been made to improve energy efficiency and increase the use of renewable energy.

"A new steam pipe has been drawn from the biopower plant for production, allowing us to increase the use of thermal energy produced by our own bioenergy power plant. The number of heat pumps in different spaces has also been increased. With these measures, depending on the time, we can save 25–50 per cent of the electrical energy purchased. Electricity is only needed to operate the production machinery, lighting and other appliances, for example in the office premises," says Lehtinen.

Greenhouse Gas emissions

The calculation of Koskisen's Greenhouse Gas emissions was developed further during 2023. The Greenhouse Gas (GHG) Protocol along with a new emissions calculation tool were implemented to support the calculation of greenhouse gas emissions. The GHG inventory comprises scopes 1, 2 and 3, but the results are still unverified for 2022 and 2023. Due to the calculation methods, the previously reported emissions for 2022 have been recalculated.

Koskisen's scope 1 and 2 emissions in 2023 were 11,497 tCO_2e (12,250). Scope 1 includes the direct Greenhouse Gas emissions of Koskisen's own operations: the largest emission sources are the backup use of oil from the power plant located in the Tehdastie industrial area and forklift traffic for raw material transfers. Scope 2 includes indirect greenhouse gas emissions, which include emissions generated in the production of purchased electricity.

Scope 3 emissions in 2023 were 156,247 t CO_2e (166,104). The most significant sources of GHG emissions are purchased raw materials and capital goods and transport.

The emission sources and categories considered in the calculation, as well as the calculation methods, can be found in Koskisen's Greenhouse Gas emission inventory report on the company's website from downloads.

Koskisen will set targets for the reduction of Greenhouse Gas emissions for different time periods during 2024.

PRODUCT CATEGORY-SPECIFIC CARBON HANDPRINT

Koskisen has implemented a product group-specific carbon footprint calculation for its sawmill, plywood and chipboard products. The calculation shows that Koskisen's products have a significant carbon handprint, as they store carbon for a long time while utilising almost all possible raw materials from wood into various products.

The carbon handprint of Koskisen's wood products, i.e. the amount of CO_2 emissions stored in wood for

WOODWISE

ZERO – wins new products 2023 competition at the Puu 2023 exhibition

Zero furniture board won the new product competition at the Puu 2023 fair, which sought the product or service that best promotes environmental and resource efficiency in the wood products sector.

Zero is a completely new kind of furniture board in which the fossil binder has been replaced with a renewable wood-based binder, lignin. The wood raw material for the Zero board comes from side-streams of Koskisen's manufacturing processes.

Koskisen's products have a significant carbon handprint, as they store carbon for a long time while utilising almost all possible raw materials from wood into various products.

a long time, is more than double as the amount of emissions generated during the manufacture of the products, i.e. the carbon footprint.

In 2023, the combined carbon footprint of Koskisen's products, i.e. emissions from wood products, was 167,745 (178,355) t CO_2e. The main sources of emissions are adhesives and coatings used in board products. In addition, emissions are generated in timber harvesting, the transportation of roundwood and products, and the use of electricity in production.

The carbon handprint of the wood products manufactured by Koskisen was significantly higher than the emissions. They stored a total of 381,701 (371,984) t CO_2e in 2023.

PRODUCT'S ENVIRONMENTAL LIFE CYCLE IMPACTS – EPD

Environmental Product Declaration (EPD), a certified document that communicates information about a product's environmental life cycle impacts. An EPD provides information on, for example, the emissions resulting from the manufacture of the product, the product's environmental impacts, use of resources and land use. Koskisen's plywood and chipboard have received an EPD verified by a third party.

An EPD is a standardised way (EN 15804 + A1) of reliably presenting relevant, verified and comparable information about a product's total environmental impacts, based on a life-cycle assessment (LCA).

WOODWISE

SENSi* – smart floor panel helping logistics companies to reduce their emissions

Koskisen's smart floor panel SENSi awarded third place in the New Wood competition in 2023.

Embedded in Koskisen's SENSi panels are smart pressure sensors that detect the load on the panel and, correspondingly, any vacant space in the trailer. The data is stored in the cloud in a format that planning tools and forwarding platforms are able to use in the real-time planning, loading and tracking of consignments.

SENSi panels help logistics companies to move towards smarter and more sustainable transports. Optimising transport capacity enables the reduction of not only transport costs but also emissions.

*Early stage r&d product.

Sustainable wood procurement and forests as carbon sinks

Koskisen procures the wood used as raw material responsibly and in a way that promotes sustainable forestry. Koskisen's operations at the top of the value chain are essentially linked to timber harvesting operations. These cause changes in the land cover (trees and other vegetation), which affect the temporary reduction of natural carbon sinks in land areas.

Koskisen is committed to promoting harvesting together with subcontractors in such a way that carbon sinks and biodiversity are restored as quickly as possible. Cooperation with forest owners is also key. Responsible wood sourcing that promotes the diversity and vitality of forest nature today enables forest renewal and ensures that there is enough wood as raw material for future generations as well.

The wood used by Koskisen is mainly certified and most of it is procured from Finnish private forest owners. In wood procurement, the requirements set by PEFC or FSC chain of custody certificates are met. This ensures that the wood is harvested responsibly, and that felling is carried out in accordance with legislation and certification requirements.

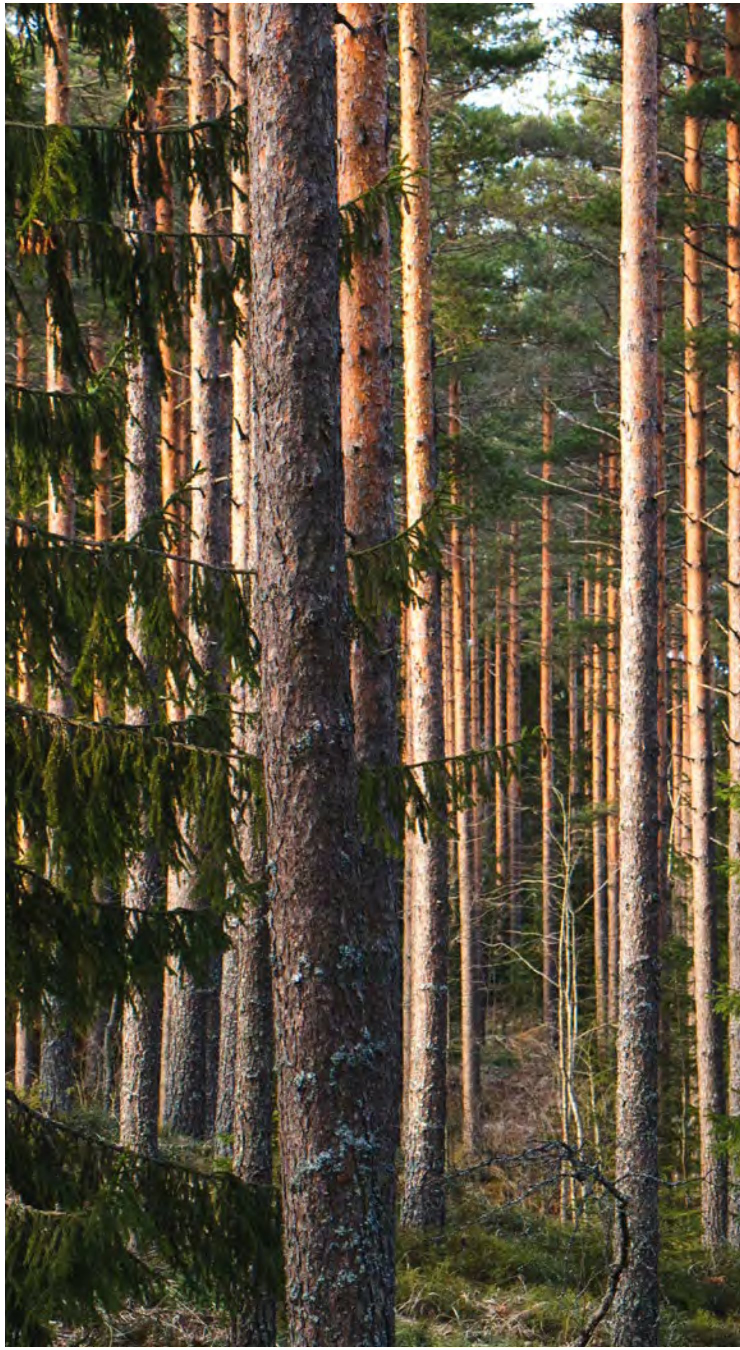
In addition, Koskisen uses a chain-of-custody system in all procurement to ensure that wood material is sourced legally and ethically from reliable and identified sources. The origin of all raw materials is always checked so that the forests in protected areas are safeguarded, and wood is not sourced from controversial sources.

Carbon sequestered by forests is stored in wood products

Biological carbon is stored in Koskisen's durable wood and by-product products, which is not gaseous during storage, so does not have the potential to warm the atmosphere.

Climate risks and opportunities

In 2023, Koskisen carried out an analysis of climate risks and climate opportunities for its value chain in accordance of TCFD guidance.



We use natural resources wisely and promote biodiversity

Biodiversity loss poses a serious threat to people and the environment. Koskisen therefore ensures the protection of biodiversity in its felling and forest management guidelines. The availability of high-quality Finnish wood is based on long-term and sustainable forest management. The vitality of Koskisen and the forest is one in the same thing as all Koskisen's business starts with forest nature.

Principles for sustainable forest management

The principles of Koskisen's forest management are based on Best Practices for Sustainable Forest Management in Finland, generally recognised by the forestry sector, and the requirements of PEFC or FSC forest certification. The Best Practices are grounded in scientific data and know-how gained from practical experience, and they are continuously being updated. The requirements

" Through Koskisen's forest management service, approximately one million tree seedlings are planted annually to support the growth of new forests.

set by PEFC and FSC forest certification support biodiversity in the management and use of forests. Together, these promote economically, ecologically, socially and culturally sustainable forestry. Koskisen encourages and guides both entrepreneurs and forest owners to maintain biodiversity in their operations in accordance with these guidelines.

The practical guidelines and policies for sustainable forest management include, among other things, favouring mixed forests over single-species forests, making retention trees and artificial snags, protecting peatlands and the areas bordering waterways, and saving thickets, decaying wood and low-yield areas. Through Koskisen's forest management service, approximately one million tree seedlings are planted annually to support the growth of new forests.

Koskisen's protective mechanisms are comprehensive and based on international forest certifications (PEFC, FSC). There is no acquisition of wood from controversial sources, which include, among others, the following:

- Illegal logging
- Logging that has violated the rights of indigenous peoples or other human rights
- Forests where important nature conservation values have been threatened or destroyed
- Forests converted from natural forests to plantation forests
- Forests where genetically modified trees have been used

During 2024, Koskisen will build a data system for monitoring biodiversity measures and will set goals for measures to ensure that logging operations contribute to the recovery of forest nature.

In 2023, the share of certified roundwood was

84.5%

Circular economy and material efficiency

We invest in the sustainable solutions of bio circular economy

Woodwise at Koskisen means that we make the most of roundwood and not a single chip is left unused. Wood is an ecological raw material and carbon storage from which countless different products and raw materials can be produced. Unrecoverable wood residues can be used as a renewable energy source.

The material and resource efficiency of Koskisen's operations is high. Koskisen manages different material flows efficiently and uses raw materials from different sources as fully as possible in the production of plywood, sawn timber products and chipboard.

The remaining wood material that cannot be utilised in Koskisen's products or production is sold for other industries or energy use. Pulpwood is delivered to paper and pulp manufacturers, and energy wood and logging residues are used in bioenergy production. Koskisen supplies raw materials to several bioenergy power plants, including power plants located at Koskisen's production plant in Järvelä.

The material and resource efficiency of Koskisen's operations is high.

WOODWISE

Product development cooperation to develop the beneficial use of side streams

Koskisen and LAB University of Applied Sciences organised a product development course for wood technology students in autumn 2023 where they had the opportunity to innovate wood products from the by-products of Koskisen's production processes. The idea was that, instead of burning, for example, the life cycle of the products would be extended in usable wood products.

The aim of this cooperation project was to familiarise the students with the product development process by challenging them to develop products from the by-product streams of the Koskisen sawmill, planer, plywood factory and chipboard factory, such as bark, sawdust and chippings, sanding dust, wood chips, wood chips, coating material waste or scraps.

In 2023, Koskisen invested in a spindle-less veneer peeling line for the plywood mill, which was deployed at the end of the year. The new veneer significantly improves material efficiency and improves our ability to use valuable wood raw material as efficiently as possible.

Koskisen will continue to work smartly and methodically with material in the overall utilisation of wood raw material and in the development of new solutions that increase the processing value.

Environmental aspects at Koskisen everyday core in production units

Koskisen's environmental management is based on identifying, managing and continuously improving key environmental aspects. Environmental aspects are updated annually.

The most significant environmental impacts of Koskisen's industrial operations are related to its production units and the resources they use, as well as the waste or side streams generated by the operations.

Environmental aspects are managed in accordance with Koskisen's operating policy, ISO 14001 environmental management system and environmental permit requirements. The Finnish units in Järvelä and Hirvensalmi have environmental permits valid until further notice. Koskisen's operations in Toporów Poland do not require separate environmental permits.

The distribution of Koskisen's energy use, water consumption, wastewater volumes, emissions and other environmental impacts can be found in Koskisen's environmental report, which can be downloaded from the material bank on the company's website.

ENVIRONMENTAL RISK MANAGEMENT

The identification, management and reporting of environmental risks have been implemented as part of Koskisen's environmental management system. Risks have been identified unit-specifically and locally. Risks include noise, oil spill and air emissions. Environmental risks and plans for their management are updated regularly.

ASPECT	MANAGEMENT PRIORITIES
Energy	• Improving relative energy efficiency • Energy saving • Increasing the share of renewable energy • In-house heat production and recovery or sales of waste heat
Water and wastewater	• Increasing the efficiency of water consumption • Procurement of domestic and raw water • Stormwater management • Operations do not generate wastewater that is directly hazardous to the environment
Raw materials	• Full utilisation of wood
Waste	• Recycling for reuse or for energy • Handling and disposal of hazardous waste

Environmental responsibility key figures

The unaudited sustainability indicators have been modified to be more in accordance with the European Sustainability Reporting Standard (ESRS) that will be fully implemented for the reporting year 2024. The reporting and methodology has been modified also for the comparative year 2022 causing changes to some of the previously reported figures.

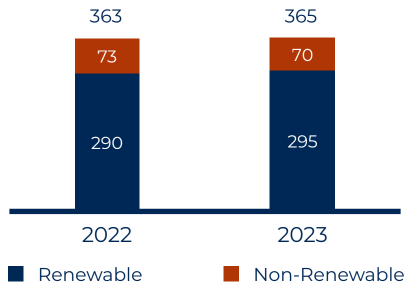
Energy consumption and mix	**2023**	**2022**
Fuel consumption from coal and coal products (MWh)	0	0
Fuel consumption from crude oil and petroleum products (MWh)	10,390	13,050
Fuel consumption from natural gas (MWh)	0	0
Fuel consumption from other fossil sources (MWh)	0	0
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources (MWh)	47,793	47,776
Total energy consumption from fossil sources (MWh)	**58,183**	**60,826**
Percentage of fossil sources in total energy consumption (%)	16%	17%
Total energy consumption from nuclear sources (MWh)	**12,405**	**12,196**
Percentage of energy consumption from nuclear sources in total energy consumption (%)	3%	3%
Fuel consumption from renewable sources (MWh)	286,172	282,228
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	8,688	7,826
Consumption of self-generated non-fuel renewable energy (MWh)	50	0
Total energy consumption from renewable sources (MWh)	**294,910**	**290,054**
Percentage of non-renewable sources in total energy consumption (%)	81%	80%
Total energy consumption (MWh)	**365,498**	**363,076**

Energy production	**2023**	**2022**
Non-renewable energy production (MWh)	**7,840**	**10,476**
Electricity production from non-renewable sources (MWh)	0	0
Heat production from non-renewable sources (MWh)	7,840	10,476
Renewable energy production (MWh)	**276,445**	**282,228**
Electricity production from renewable sources (MWh)	1,393	2,404
Heat production from renewable sources (MWh)	275,052	279,824
Percentage of biofuels from fuel consumption (%)	97%	96%

Energy intensity per net revenue	**2023**	**2022**	**Change %**
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/million euro)	1,347	1,143	18%

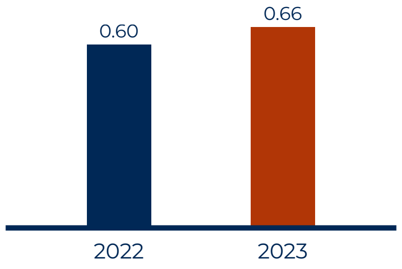
TOTAL ENERGY USE

GWh



PROPORTIONAL ENERGY CONSUMPTION

produced m³, MWh

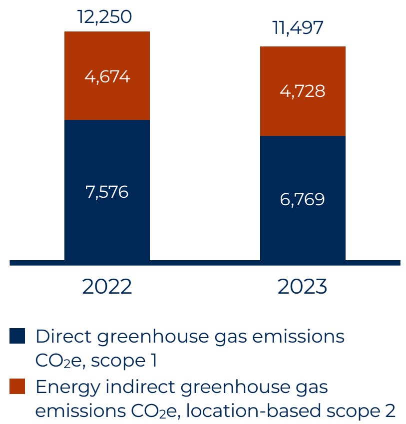


GHG EMISSIONS

	Retrospective		
	2023	**2022**	**Change %**
Scope 1 GHG emissions			
Gross scope 1 GHG emissions (tCO_2eq)	6,770	7,576	-11%
Percentage of scope 1 GHG emissions from regulated emission trading schemes (tCO_2eq)	61%	65%	-7%
Scope 2 GHG emissions			
Gross location-based scope 2 GHG emissions (tCO_2eq)	4,728	4,674	1%
Gross market-based scope 2 GHG emissions (tCO_2eq)	14,905	14,676	2%
Significant scope 3 GHG emissions			
Total Gross indirect (scope 3) GHG emissions (tCO_2eq)	156,247	166,104	-6%
1 Purchased goods and services (tCO_2eq)	83,619	93,549	-11%
2 Capital goods (tCO_2eq)	16,254	9,942	63%
3 Fuel and energy-related activities (tCO_2eq)	13,791	11,976	15%
4 Upstream transportation and distribution (tCO_2eq)	3,514	3,586	-2%
5 Waste generated in operations (tCO_2eq)	861	989	-13%
6 Business travel (tCO_2eq)	171	228	-25%
7 Employee commuting (tCO_2eq)	1,103	974	13%
9 Downstream transportation and distribution (tCO_2eq)	n/a	n/a	
9 Downstream transportation and distribution (tCO_2eq)	31,804	38,723	-18%
10 Processing of sold products (tCO_2eq)	n/a	n/a	
11 Use of sold products (tCO_2eq)	n/a	n/a	
12 End-of-life treatment of sold products (tCO_2eq)	5,130	6,137	-16%
13 Downstream leased assets (tCO_2eq)	n/a	n/a	
14 Franchises (tCO_2eq)	n/a	n/a	
15 Financial investments (tCO_2eq)	n/a	n/a	
Total GHG emissions			
Total GHG emissions (location-based) (tCO_2eq)	167,745	178,354	-6%
Total GHG emissions (market-based) (tCO_2eq)	177,922	188,356	-6%

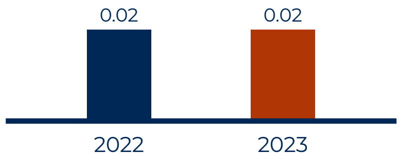
CO_2 EMISSIONS, SCOPE 1 AND 2

tCO_2eq



PROPORTIONAL CO_2 EMISSIONS, SCOPE 1 AND 2

tonnes per m^3 produced



Scope 1&2 emissions	2023	2022
GHG emissions (location-based) scope 1 and 2 (tCO_2eq)	11,497	12,250
Location-based scope 1&2 emissions pe revenue	42	39
GHG emissions (market-based) scope 1 and 2 (tCO_2eq)	21,675	22,252
Market-based scope 1&2 emissions per revenue	80	70

Biogenic emissions	2023	2022
Biogenic emissions of CO_2 not included in scope 1 GHG emissions (tCO_2eq)	108,054	106,607
Biogenic emissions of CO_2 not included in scope 2 GHG emissions (tCO_2eq)	0	0
Biogenic emissions of CO_2 not included in scope 3 GHG emissions (tCO_2eq)	0	345

Percentage of primary data in scope 3 emissions	2023	2022
GHG scope 3 calculated using primary data (tCO_2eq)	92,027	99,451
Percentage of primary data in scope 3 emissions	55%	60%

GHG intensity per net revenue	2023	2022	Change %
Total GHG emissions (location-based) per net revenue (tCO_2eq/MEUR)	618	561	10%
Total GHG emissions (market-based) per net revenue (tCO_2eq/MEUR)	656	593	11%

GHG removal	2023	2022	Change %
Carbon binding in long-term products (tCO_2eq)	381,701	371,984	3%
GHG removal compared with total GHG emissions (location-based)	2,3	2,1	9%

RESOURCE INFLOWS

Resource inflows total (t)	2023	2022	Change %
Raw materials, wood (t)	943,522	754,474	25%
Raw materials, wood-based coatings (t)	1,229	973	26%
Raw materials, wood-based glues (t)	737	827	-11%
Packaging materials, wood (t)	707	743	-5%
Packaging materials, paper and cardboard (t)	595	589	1%
Biological materials (t)	**946,790**	**757,606**	**25%**
Percentage of biological materials (%)	98%	98%	
Raw materials, other coatings (t)	1,786	2,393	-25%
Raw materials, fossil-based glues (t)	12,793	15,269	-16%
Raw materials, metal (t)	64	58	10%
Raw materials, plastic (t)	187	175	7%
Packaging materials, plastic (t)	237	237	0%
Packaging materials, metal (t)	2	10	-80%
Non-biological materials (t)	**15,070**	**18,143**	**-17%**
Resource inflows total (t)	**961,860**	**775,749**	**24%**
Materials that are sourced from by-products (t)	65,834	73,843	-11%
Reused or recycled materials (t)	300	292	3%
Percentage of reused or recycled materials (%)	0%	0%	

Wood material flow	2023	2022	%
Wood sourcing (m^3)	1,451,572	1,688,051	-14%
Wood consumption at factory site (m^3)	824,620	873,330	-6%
Materials that are sourced from by-products (m^3)	164,586	184,608	-11%

Resource outflows total (t)	2023	2022	Change %
Products (t)	567,177	634,428	-11%
Percentage of recyclable products (%)	42%	38%	
Percentage of recyclable packaging (%)	19%	18%	
Non-hazardous waste diverted from disposal due to preparation for reuse (t)	26	0	
Non-hazardous waste diverted from disposal due to recycling (t)	445	579	-23%
Non-hazardous waste diverted from disposal due to other recovery operations (t)	**160**	**0**	
Non-hazardous waste diverted from disposal (t)	631	579	9%
Non-hazardous waste directed to disposal by incineration (t)	735	323	128%
Non-hazardous waste directed to disposal by landfilling (t)	34	0	
Non-hazardous waste directed to disposal by other disposal operations (t)	0	0	
Non-hazardous waste directed to disposal (t)	**769**	**323**	**138%**
Hazardous waste diverted from disposal due to preparation for reuse (t)	36	0	
Hazardous waste diverted from disposal due to recycling (t)	0	0	
Hazardous waste diverted from disposal due to other recovery operations (t)	0	0	
Hazardous waste diverted from disposal (t)	**36**	**0**	
Hazardous waste directed to disposal by incineration (t)	165	239	-31%
Hazardous waste directed to disposal by landfilling (t)	0	0	
Hazardous waste directed to disposal by other disposal operations (t)	9	0	
Hazardous waste directed to disposal (t)	**173**	**239**	**-27%**
Total waste generated (t)	**1,610**	**1,141**	**41%**
Percentage of non-recycled waste (%)	61%	49%	
Total amount of hazardous waste (t)	209	239	-12%

We are an attractive and fair employer

For Koskisen as an employer, it is important that employees feel that their workplace is safe and everyone feels that their work is meaningful. The goal is a healthy, safe work community that supports comprehensive well-being.

When people feel well, so does Koskisen. Meaningful work for approximately 900 Koskisen employees is created by a safe working environment and high-quality working conditions, fair treatment, continuous competence development and the fostering of well-being at work.

A safe workplace is a primary starting point and requirement for all activities. Practices and attitudes that strengthen safety do not come about by themselves, which is why Koskisen works hard to achieve an accident-free working environment and working day.

> **A safe workplace is a primary starting point and requirement for all activities.**

People and well-being addressed comprehensively

Well-being at work is a holistic concept at Koskisen. It is managed through the quality prerequisites for work, the functionality of the work community, supervisor activities, competence and renewal, as well as functional capacity and resources.

The individual is at the heart of managing well-being at work, which ensures that physical and mental factors related to stress and well-being can be managed more effectively. Koskisen utilises different forms of working hours and working that support the balancing of work and free time in an individual way.

DIVERSE AND EQUAL AT KOSKISEN

Promoting equal treatment, equity and diversity are an essential part of corporate culture and its continuous renewal. The core of Koskisen culture can be seen in valuing and involving everyone. It is important for Koskisen to operate and grow as a fair, encouraging and open work community.

Everyone has equal opportunities to develop themselves and their work.

Everyone has equal opportunities to develop themselves and their work. At Koskisen, people are provided with opportunities for career advancement, regardless of gender or position. The aim is equal pay for equal work of equal value regardless of the employee's gender and age. Equality and pay surveys are carried out regularly. There is zero tolerance for bullying and all forms of discrimination.

Koskisen's Code of Conduct describes the company's operating principles and values, which guide daily operations and decision-making.

Together with further education operator Salpaus and Häme TE Services, Koskisen carried out a three-month recruitment training for the nine Ukrainians who arrived in Kärkölä, Finland. Each participant completed the training successfully and got a job at a plywood factory. After the training, Ukrainian employees also had the opportunity to participate in further training in the Finnish language.

Training and development

Over the decades, the development of personnel competence has become an integral part of Koskisen's way of working. The professionalism and knowledge that supports and promotes woodwise in many different ways is a source of pride for which Koskisen wants to be known.

The training activities have been implemented according to the Koskisen Koulu model. This model is based on joint training aimed at everyone, as well as training according to the task and the employee's development path. The training concept in the new online training environment was introduced in 2023. Code of Conduct training was implemented in the online training environment. The goal is that every Koskisen employee will complete the training. In 2023, 46% of employees had completed the training.

In 2023, personnel training days totalled 1,191. The areas of Koskisen's training activities are:

- Orientation and job guidance
- Vocational education and training as an apprentices: basic qualification, further vocational qualification, and specialist vocational qualification
- Training for tasks that require special qualifications: e.g. first aid, occupational safety card, hot work card
- Work community/organisational coaching
- Quality, environmental and safety training
- Koskisen Academy, supervisor coaching

Koskisen is a pioneer in on-the-job apprenticeship training, which leads to a competence-based qualification. Approximately one third of Koskisen's personnel in Finland have completed a vocational qualification alongside work through an apprenticeship contract. The aim is for as many people as possible to be professionals with a vocational qualification in their field.

In 2023, personnel training days totalled

1,191

Top results in the 2023 occupational well-being survey

The overall score in Koskisen's 2023 occupational well-being survey was 3.93 (3.85), an all-time high.

The Group-level result of the survey has improved for several years in a row. This is proof of the culture of cooperation, an interactive work community and a sense of mutual appreciation.

Every team will review the results of the occupational well-being survey and draw up a concrete development plan.

The response rate also increased to 82.2% (76%) and exceeded the 80% target. Thanks to exceeding the target, Koskisen donated EUR 5,000 to Save the Children for emergency assistance to families with children affected by the war in Ukraine.

WOODWISE

Work counselling experiment in Panel Industry in Järvelä

Work counselling was carried out as both unit and team work counselling, with 34 persons participating in the experiment. The work counselling focused on evaluating, developing and researching one's own work. Questions, experiences and feelings related to work, the work community and one's own role were interpreted and structured together with a trained work counsellor.

Focus on occupational safety

Koskisen's goal is zero accidents. Long-term work to promote safety is a shared strategic intent. The continuous improvement of occupational safety includes safety observations, risk assessments and, through these, the prevention of as many risks as possible. The employees are encouraged to propose safety measures and engage in the development of a common safety culture. In 2023, Koskisen received 78 (109) safety initiatives and 61 of them were rewarded. The number of safety observations made was 5,238 (4,926).

In 2023, the accident frequency rate LTA1 was 17.90 (19.30). Koskisen continues its systematic work to develop the safety culture, for example, by increasing human resources and the visibility of safety themes.

"The thin veneer plywood unit in Hirvensalmi achieved more than 1,000 days without accidents. The long uninterrupted accident-free period in factory conditions is a significant achievement and the result of the long-term development of the safety culture.

Social responsibility key figures

The unaudited sustainability indicators have been modified to be more in accordance with the European Sustainability Reporting Standard (ESRS) that will be fully implemented for the reporting year 2024. The reporting and methodology has been modified also for the comparative year 2022 causing changes to some of the previously reported figures.

NUMBER OF EMPLOYEES BY GENDER

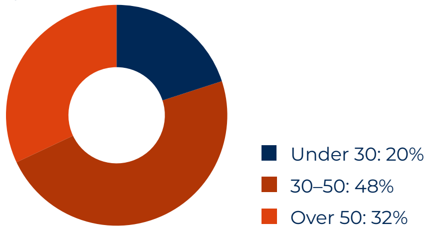
	2023	2022
Male	632	645
Female	251	254
Total employees	**883**	**899**

NUMBER OF EMPLOYEES BY COUNTRY

	2023	2022
Finland	792	804
Poland	77	76
Other	14	19
Total employees	**883**	**899**

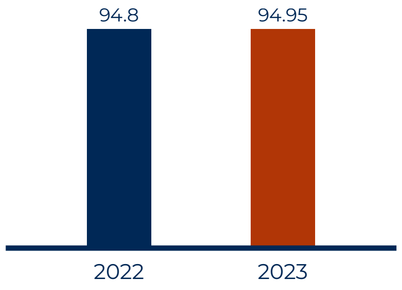
AGE DISTRIBUTION ON 31 DECEMBER 2023

%

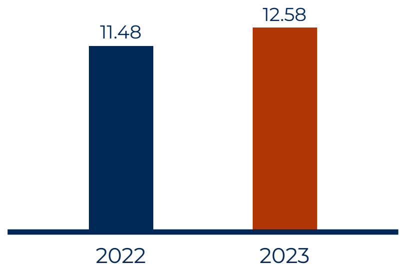


AVERAGE ATTENDANCE

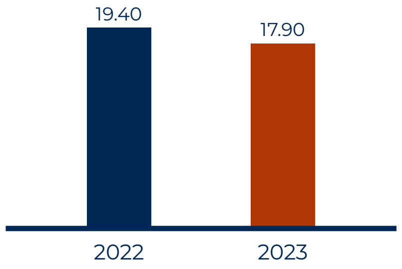
%



TRAINING HOURS, ON AVERAGE PER EMPLOYEE

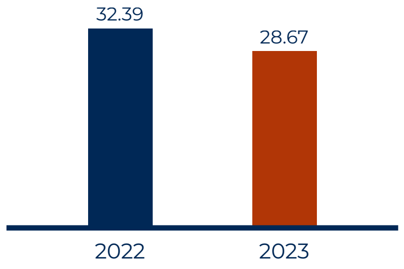


OCCUPATIONAL ACCIDENT FREQUENCY LTA1



An absence of one day or longer due to an accident.

OCCUPATIONAL ACCIDENT FREQUENCY TRI



NUMBER OF EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY GENDER

2023	Male	Female	Total employees
Number of employees (head count / FTE)	632	251	**883**
Number of permanent employees (head count / FTE)	607	240	**847**
Number of temporary employees (head count / FTE)	25	11	**36**
Number of non-guaranteed hours employees (head count / FTE)	25	24	**49**
Number of full-time employees (head count / FTE)	607	227	**834**
Number of part-time employees (head count / FTE)	1	4	**5**

2022	Male	Female	Total employees
Number of employees (head count / FTE)	645	254	**899**
Number of permanent employees (head count / FTE)	652	251	**903**
Number of temporary employees (head count / FTE)	15	11	**26**
Number of non-guaranteed hours employees (head count / FTE)	28	30	**58**
Number of full-time employees (head count / FTE)	638	235	**874**
Number of part-time employees (head count / FTE)	0	0	**0**

NUMBER OF EMPLOYEES BY CONTRACT TYPE, BROKEN DOWN BY COUNTRY

2023	Finland	Poland	Other	Total employees
Number of employees (head count / FTE)	792	77	14	**883**
Number of permanent employees (head count / FTE)	23	13	0	**36**
Number of temporary employees (head count / FTE)	23	13	0	**36**
Number of non-guaranteed hours employees (head count / FTE)	49	0	0	**49**
Number of full-time employees (head count / FTE)	743	77	14	**834**
Number of part-time employees (head count / FTE)	5	0	0	**5**

2022	Finland	Poland	Other	Total employees
Number of employees (head count / FTE)	804	76	19	**899**
Number of permanent employees (head count / FTE)	26	0	0	**26**
Number of temporary employees (head count / FTE)	26	0	0	**26**
Number of non-guaranteed hours employees (head count / FTE)	56	2	0	**58**
Number of full-time employees (head count / FTE)	779	76	19	**874**
Number of part-time employees (head count / FTE)	0	0	0	**0**

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

	Collective Bargaining Coverage	Social dialogue
Coverage Rate	**Employees – EEA (for countries with >50 empl. representing >10% total empl.)**	**Workplace representation (EEA only) (for countries with >50empl. representing >10% total empl.)**
0–19%	Poland	
20–39%		
40–59%		
60–79%		
80–100%	Finland	

Corporate governance

Koskisen's Corporate Governance Principles

This section presents Koskisen's corporate governance system, the Group's Board of Directors and Executive Board and the Remuneration Report.

Corporate Governance Statement

Provisions Followed by the Company and the Corporate Governance Code

Koskisen [Corporation] (hereinafter referred to as the “Company” or “Koskisen”) is a Finnish public limited liability company, and the responsibilities and obligations of its administrative organs are governed by the laws of Finland.

The Company’s decision-making and governance comply with the Finnish Limited Liability Companies Act, regulations concerning listed companies, Koskisen’s Articles of Association and the rules and guidelines of Nasdaq Helsinki Ltd (“Nasdaq Helsinki”).

The Company complies with the Corporate Governance Code for Finnish listed companies (hereinafter referred to as the “Corporate Governance Code”). The Corporate Governance Code is available in full at www.cgfinland.fi/en.

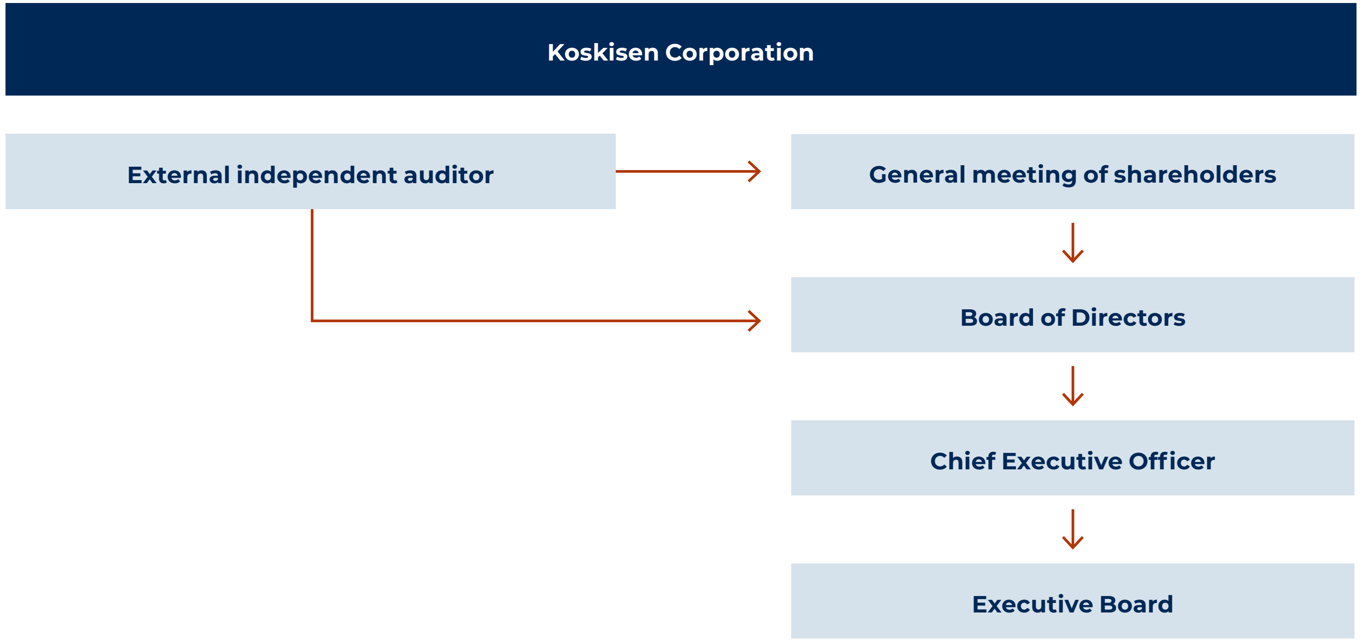
Group Structure

The parent company of the Koskisen Group is Koskisen Corporation, with its registered office in Kärkölä, Finland. The Group includes the subsidiaries Kosava-Kiinteistöt Oy in Finland and Koskisen Sp z.o.o in Poland.

Administration

The General Meeting of Shareholders, the Board of Directors and the Chief Executive Officer are responsible for Koskisen’s governance and operations. The tasks are defined based on the Finnish Limited Liability Companies Act and Koskisen’s Articles of Association.

The diagram below presents the administrative structure of Koskisen:



General Meeting of Shareholders

GENERAL

The highest decision-making body is Koskisen's shareholders at general meetings of shareholders, where the shareholders can exercise their right to speak, ask questions and vote.

The Annual General Meeting takes place each year by the end of June, and discusses matters, which are to be reviewed by the Annual General Meeting under the Limited Liability Companies Act and which are included within its jurisdiction under the Articles of Association, as well as proposals made to it. The Company's Annual General Meeting usually takes place in April-May. If necessary, an extraordinary meeting of shareholders may be convened, discussing a specific proposal made to the meeting of shareholders.

As a rule, the general meeting of shareholders reviews matters according to the agenda prepared by the Board of Directors. Under the Limited Liability Companies Act, a shareholder has the right to submit a written request to the Board of Directors to have a matter included on the agenda of the next general meeting of shareholders. The Company announce well in advance on its website the date by which shareholders must present their demands concerning matters to be reviewed by the Annual General Meeting.

If a shareholder or shareholders representing a minimum of 10 per cent of all shares or the Company's auditor in writing demand that a certain matter be reviewed by a general meeting of shareholders, the Board of Directors must convene the general meeting to review the matter concerned.

Annual General Meeting 2023
The Annual General Meeting 2023 was held on 11 May 2023.

Annual General Meeting 2024
Koskisen Corporation's Annual General Meeting will be held in Helsinki on 16 May 2024.

DUTIES

Significant matters falling under the decision-making authority of the general meeting of shareholders include, i.a.:

- adopting the financial statements and resolving on the distribution of funds
- resolutions on the number, election and remuneration of the members of the Board of Directors
- discharging the members of the Board of Directors and the Chief Executive Officer (the "CEO") from liability
- resolving on amendments to the Articles of Association
- share issues or authorising the Board of Directors to decide on share issues.

Board of Directors

DUTIES AND RESPONSIBILITY

The duties and responsibilities of the Company's Board of Directors must be determined by the Limited Liability Companies Act and other applicable legislation. The Company's Board of Directors has general competence in all of the matters that are not prescribed to be decided on or carried out by other organs under law or the Company's Articles of Association. It is a general duty of the Company's Board of Directors to see to the administration of Koskisen and the appropriate organisation of its operations. The Board of Directors must in all situations act in line with the interests of Koskisen.

The duties of the Board of Directors include, i.a.:

- preparing reports of the Board of Directors, financial statements and interim reports;
- seeing to the appropriate organisation of accounts and financial administration;
- preparing proposals for the general meeting of shareholders and convening general meetings of shareholders;
- approval and confirmation of strategic guidelines, sustainability goals and the risk management policy, as well as related monitoring of implementation and assessment of performance;
- confirming annual budgets and operating plans;
- appointing the CEO and deciding on the CEO's terms of service;
- deciding on the company structure;
- making significant business decisions, such as mergers and acquisitions, significant contracts, investments and financing arrangements; and
- deciding on other matters falling under the responsibilities of the Board of Directors under legislation.

The Board of Directors has a charter that specifies the duties of the Board of Directors and its Chair. The Board of Directors must convene according to a pre-agreed schedule normally between 8 and 12 times a year and hold extraordinary meetings, if necessary. The Board of Directors must annually review its activities and operating methods.

MEMBERS

In accordance with the Articles of Association, the general meeting of shareholders elects a minimum of three (3) and a maximum of nine (9) members of the Board of Directors. The term of office of a member of the Board of Directors commences at the close of the general meeting that elected them and expires at the close of the next Annual General Meeting. The general meeting of shareholders elects a chair of the Board of Directors. The most efficient Board of Directors work requires the members of the Board of Directors to have mutually complementary competencies and expertise and sufficient diversity. In preparing a proposal concerning the composition of the Board of Directors, the Board of Directors must consider the candidates' educational and professional background, gender and international experience so that expertise and education that extensively and diversely support Koskisen's operations are present on the Board of Directors.

Chair

The general meeting of shareholders elects a chair for one year at a time.

The Chair of the Board of Directors, i.a.:

- convenes meetings of the Board of Directors;
- approves the agenda prepared by the CEO for Board of Directors meetings;
- is responsible for minutes being drawn up for each meeting of the Board of Directors;
- keeps in touch with the CEO and members of the Board of Directors in between meetings and is responsible for the organisation of the work of the Board of Directors; and
- is responsible for ensuring that the provisions of the charter of the Board of Directors are followed in the work of the Board of Directors.

In the event of a tie in a matter voted on by a Board Meeting, the Chair has the casting vote.

BOARD OF DIRECTORS IN 2023

Koskisen Corporation Board of Directors consisted of six members on 31 December 2023: Pekka Kuusniemi (Chairman of the Board), Eva Wathén, Kari Koskinen (Vice Chairman), Kalle Reponen, Hanna Sievinen and Hanna Masala. Juha Vanhainen acted as the Chairman of the Board and Karoliina Koskinen as a member of the Board until the Annual General Meeting, which was held on May 11 2023.

On the date of this Corporate Governance Statement document, the members of the Board of Directors of Koskisen are independent of the Company's significant shareholders, except for Eva Wathén and Kari Koskinen, and of the Company, except for Eva Wathén and Kari Koskinen.

In 2023, the Board of Directors convened 12 times and, in addition, the Board of Directors twice made decisions without convening. The average attendance rate was 96.5%. The members of the Board attended the meetings as follows:

Pekka Kuusniemi, Chairman of the Board from 11 May 2023	9
Juha Vanhainen, Chairman of the Board until 11 May 2023	3
Kari Koskinen	11
Eva Wathén	12
Karoliina Koskinen, member of the Board until 11 May 2023	3
Kalle Reponen	11
Hanna Sievinen	12
Hanna Masala, member of the Board from 11 May 2023	8

COMMITTEES

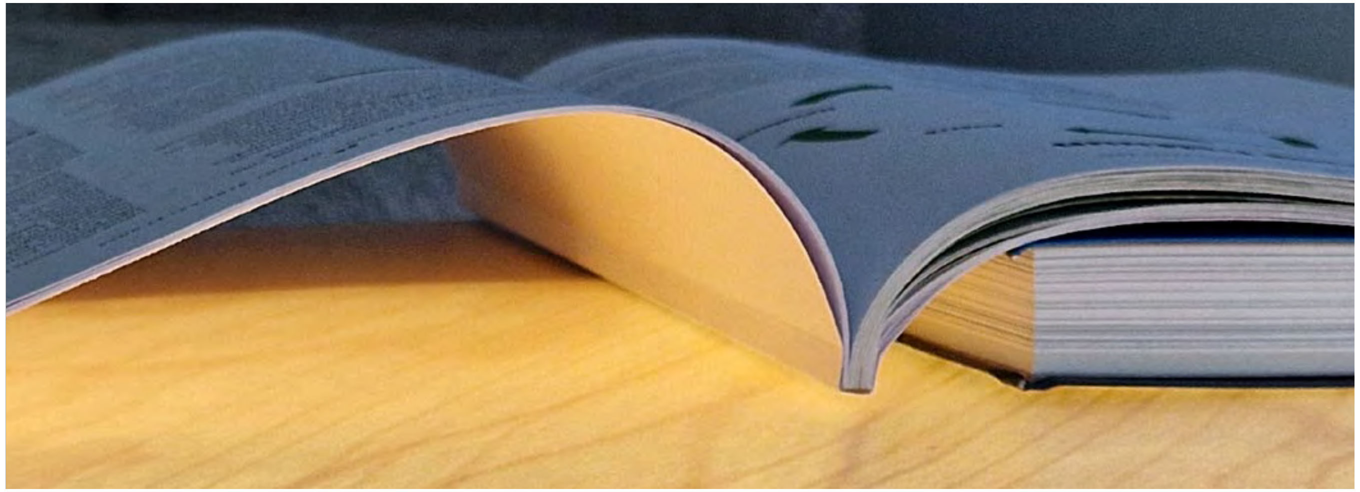
Koskisen Corporation's Board of Directors has appointed an Audit Committee, which consists of minimum of three (3) and a maximum of five (5) members, including a Chair, who are elected by the Board of Directors from among its members following the Annual General Meeting. The term of office of the members of the Audit Committee is one year.

The majority of the members of the Audit Committee must be independent of the Company and at least one member of the Audit Committee must be independent of the significant shareholders of the Company. Members of the Audit Committee must have the relevant expertise and experience required for the performance of the duties and responsibilities of the Audit Committee and the mandatory tasks relating to auditing. At least one of the members of the Audit Committee must have expertise in accounting or auditing and the members of the Audit Committee as a whole must have relevant expertise in the Company's business operations.

A person who participates in the day-to-day management of the Company or a company in the same group of companies, for example as a CEO, cannot be appointed to the Audit Committee.

The Board of Directors has confirmed a written charter for the Audit Committee that lays down the key duties and operating principles of the Audit Committee.

On 31 December 2023, Koskisen Corporation's Audit Committee comprised the following three members: Hanna Sievinen, Eva Wathén and Hanna Masala. The



Audit Committee convened six times in 2023. The average attendance rate was 100%. The members of the Audit Committee attended the meetings as follows:

Hanna Sievinen, Chair of the Audit Committee	6
Eva Wathén	6
Kalle Reponen, member of the Audit Committee until 11 May 2023	2
Hanna Masala, member of the Audit Committee since 11 May 2023	4

CEO

It is the duty of the CEO to manage the operations of Koskisen in accordance with the guidelines and orders issued by the Company's Board of Directors and to keep the Board of Directors informed of the development of the business and financial position of Koskisen. As a rule, the CEO may only take unusual or extensive measures, considering the scope and quality of the Company's operations, when authorised to do so by the Board of Directors. The CEO is also responsible for organising the day-to-day administration of Koskisen and seeing to it that Koskisen's accounts are organised reliably.

The Board of Directors appoints the CEO and decides on the remuneration paid to the CEO and other terms of the CEO contract in line with the remuneration policy in force. The terms of the CEO's service must be agreed upon in writing. The CEO must be appointed to the position until further notice.

The CEO is the Chairman of Koskinen's Executive Board. Koskisen Corporation's CEO is Jukka Pahta. The CEO does not have a designated deputy. The personal information concerning the CEO is set forth under the section Koskisen Management and his holdings can be found in the section Management holdings.

Executive Board

The Executive Board supports the CEO in implementing the Company's strategy and manages the business operations of Koskisen as a whole. The members of the Koskisen Executive Board have extensive authority to operate within their respective areas of responsibility, and it is their duty to develop the business operations of Koskisen in line with the objectives set by the Company's Board of Directors and the CEO. The Executive Board convenes regularly on a monthly basis and as necessary.

Koskisen's Executive Board consists of CEO Jukka Pahta, Karri Louko (CFO), Tom-Peter Helenius (Director, Panel Industry), Tommi Sneck (Director, Sawmill Industry), Joonas Ojasalo (Director, Wood Supply and Bioenergy), Minna Luomalahti (Director, Human Resources) and Sanna Väisänen (Director, Sustainability and Corporate Communications).

Operative organisation

Koskisen has organised its business into two segments. The Sawn Timber Industry business segment produces sawn and further-processed timber as well as includes wood procurement and the Panel Industry business segment produces birch plywood, thin plywood, veneers, chipboards and interior solutions for light and heavy commercial vehicles under the Kore brand. Operational business responsibilities and Profit & Loss responsibility belong to each of the segments.

Auditor

In accordance with the Company's Articles of Association, the Company's auditor must be a firm of auditors approved by the Finnish Patent and Registration Office. The term of office of the auditor ends at the close of the next Annual General Meeting.

In 2023, PricewaterhouseCoopers, Authorised Public Accountants, acted as the company's auditor. PricewaterhouseCoopers appointed Markku Launis, Authorised Public Accountant, as the auditor with principal responsibility.

In 2023, the fee paid to the audit firm PricewaterhouseCoopers for the audit totalled EUR 117,000. In addition, a total of EUR 14,000 was paid for tax advisory services and EUR 65,000 for other services, mainly related to ESEF advice, accounting for Business Finland subsidies and IFRS advice.

Internal Control and Risk Management

The Company's Board of Directors has confirmed the operating principles of internal control followed at Koskisen, aiming to ensure that the Company's objectives regarding, i.a., Koskisen's strategy, operations, practices and financial reporting in particular are met. The operating principles of internal control also contribute to ensuring the Company's compliance with legislation and regulations. The

Company's Board of Directors has also defined the principles of risk management. The purpose of risk management is to ensure the comprehensive and appropriate identification, assessment, management and supervision of risks.

Insider Management

Koskisen has in force insider guidelines approved by the Board of Directors. These are based on the legislation in force, regulations issued by the competent authorities and other regulations, as well as the insider guidelines of Nasdaq Helsinki.

In accordance with the Market Abuse Regulation, the management of Koskisen Corporation includes members of the Board of Directors, the CEO and members of the Executive Board. Koskisen maintains a list of the core persons with regard to information included in financial reports. The company also maintains a project-specific insider list, where necessary. The listed persons may not trade in the company's securities during the project.

The person in charge of insider issues at Koskisen is the Chief Financial Officer (the "CFO"), who is also responsible for maintaining the insider lists. The practical duties relating to the insider list and the management of inside information are taken care of by a person designated by the person in charge of insider issues. The person in charge of managing the duty to disclose management and related party transactions is the Director, Sustainability and Communications and a substitute appointed by them. Koskisen discloses by way of stock exchange release all transactions made by the persons discharging managerial responsibilities and their closely associated persons and companies involving stocks and other financial instruments relating to Koskisen, as required by the Market Abuse Regulation.

RELATED PARTY ADMINISTRATION

Koskisen's Board of Directors has defined the principles for the monitoring and assessment of related party transactions and maintains a list of its related parties. Related parties have been determined in accordance with the IAS 24 standard. Transactions between the company and its related parties are acceptable when they are in accordance with the purpose of the company's operations and the interests of the company, have a business justification and have been carried out in accordance with the applicable regulations. The company's related party transactions are always on market terms, and the Board of Directors supervises compliance with the company's related party principles. Significant transactions with the company's management and related parties are decided on by Koskisen's Board of Directors. The Board of Directors also decides on any related party transactions that are not included in the scope of the company's ordinary business. The company ensures that it has identification, decision-making, approval, reporting and control practices that appropriately take account of the above-mentioned principles as well as conflict-of-interest issues.

SHAREHOLDINGS OF BOARD OF DIRECTORS AND EXECUTIVE BOARD ON 31 DEC 2023

Board of Directors	Number of shares
Pekka Kuusniemi	10,000
Kari Koskinen	4,493,065
Eva Wathén	2,228,988
Kalle Reponen	7,500
Hanna Sievinen	4,700
Hanna Masala	-

Executive Board	Number of shares
Jukka Pahta	15,429
Karri Louko	8,518
Tommi Sneck	8,138
Tom-Peter Helenius	5,000
Joonas Ojasalo	1,700
Minna Luomalahti	3,420
Sanna Väisänen	5,334

Board of Directors

Kalle Reponen

Member of the Board since 2014

Independent of the company and of its significant shareholders

b. 1965, M.Sc. (Economics and Business Administration)

Principal occupation: Board professional

Hanna Sievinen

Member of the Board since 2015

Independent of the company and of its significant shareholders

b. 1972, D.Sc. (Economics & Business Administration)

Principal occupation: Board professional, independent advisor

Kari Koskinen

Member of the Board since 1989

Dependent of the company and of its significant shareholders

b. 1958, M.Sc. (Business Administration)

Principal occupation: Board professional

Hanna Masala

Member of the Board since 2023

Independent of the company and of its significant shareholders-shareholders b. 1976, M.Sc. (Econ.)

Principal occupation:

CFO, Sitowise Group Oyj

Pekka Kuusniemi

Chairman of the Board since 2023

Independent of the company and of its significant shareholders and significant shareholders

b. 1968, M.Sc. (Econ.)

Principal occupation: CEO, Raisio Plc

Eva Wathén

Member of the Board since 2001

Dependent of the company and of its significant shareholders

b. 1967, M.Sc. and eMBA

Principal occupation: Entrepreneur

Executive Board

Sanna Väisänen

Director, Sustainability and Corporate Communications

Employed in Koskisen Group since 2022

b. 1977, M.A. (Communications)

Tom-Peter Helenius

Director, Panel Industry

Employed in Koskisen Group since 2020

b. 1971, M.Sc. (Tech,)

Tommi Sneck

Director, Sawmill Industry

Employed in Koskisen Group since 2007

b. 1976, M.Sc. (Tech.)

Minna Luomalahti

Director, Human Recourses

Employed in Koskisen Group since 1994

b. 1967, Engineer, Wood processing

Joonas Ojasalo

Director, Wood Supply and Bioenergy

Employed in Koskisen Group since 2021

b. 1982, M.Sc. (Forestry)

Karri Louko

CFO

Employed in Koskisen Group since 2022

b. 1969, M.Sc. (Econ.)

Jukka Pahta

Chief Executive Officer

Employed in Koskisen Group since 2016

b. 1966, M.Sc. (Econ.), Finance and Accounting

Remuneration Report

Introduction

The remuneration policy for Koskisen's bodies determines the framework for the remuneration of the bodies of Koskisen Oyj. The remuneration policy complies with the Finnish Limited Liability Companies Act, other regulations concerning publicly listed companies, the company's Articles of Association and the rules of procedure of the Board of Directors and its committees. In addition to these, the company complies with the rules and guidelines of Nasdaq Helsinki Ltd and the Corporate Governance Code 2020.

DEVELOPMENT OF REMUNERATION

EUR 1,000	2023	2022	2021	2020
Total annual and meeting fees of the Board of Directors	265.5	273.6*	137.6	108.9
Fees paid to the Chair of the Board	70.2	78*	48	48
Fees paid to the Board members on average	39.1	43.5*	22.4	22.8
Annual remuneration of the CEO**	750.1	562.1	309.4	312.9
Koskisen employees' average salary***	48.4	43.6	41.7	38.5
Group's operating profit (EUR million)	33.1	58.2	52.7	2.2

*The remuneration of the Board of Directors in 2022 was affected by the increased number of meetings related to the preparation of the listing process and the increase in the number of Board members.
**Includes defined-contribution salaries, fees and supplementary pension, does not include social and pension costs.
***Personnel costs in Finland in 2020–2022 excluding social and pension costs/average number of employees.
***As of 2023, median full-time employees in Finland for the full year without social and pension costs.
There are no IFRS converted figures available for 2019.

This remuneration report contains information about the remuneration of the company's Board of Directors and the CEO, as well as the key terms and conditions of the CEO's employment contract and other information referred to in the Corporate Governance Code remuneration report for the financial year 2023. The remuneration report will be available on Koskisen's website for a minimum of ten years.

Remuneration is based on the remuneration policy reviewed by the Annual General Meeting. The core idea of remuneration is rewarding performance and responsibility. These guide short- and long-term incentive schemes that support the company's value growth, long-term financial success and the implementation of the business strategy.

The remuneration of the Board of Directors for 2023 is based on the resolutions of the Annual General Meetings of 2022 and 2023 on the principles of remuneration. The remuneration of the CEO is based on the remuneration principles approved by the Board of Directors. Koskisen Oyj's remuneration policy has been reviewed by the 2023 Annual General Meeting.

The table above shows the development of the remuneration of the Chairman of the Board of Directors, the members of the Board of Directors and the CEO compared to the development of the average remuneration of all employees of the Group and the financial development of the Group for the previous four financial years.

Remuneration of Board members 2023

The remuneration of the Board of Directors for 2023 is based on the resolutions of the Annual General Meeting 2023 on the principles of remuneration. If a member of the Board of Directors has been in an employment or service relationship with the company, they have been paid a salary in accordance with the employment or service relationship.

ANNUAL FEES OF THE BOARD OF DIRECTORS 2023

EUR	
Chair	60,238
Chair of the Audit Committee	42,000
Member	30,000

BOARD AND COMMITTEE MEETING FEES PER MEETING 2023

EUR	
Chair	1,000
Member	500

In addition, the members of the Board of Directors have been compensated for travel expenses as decided by the 2023 Annual General Meeting. The members of the Board of Directors are not covered by share-based remuneration schemes, and they are not covered by the company's remuneration or pension schemes. The Chair of the Board has taken out voluntary TyEL insurance.

REMUNERATION OF THE BOARD OF DIRECTORS 2023

EUR	Period	Annual fee	Meeting fees[2]	Other remuneration	Total
Vanhainen Juha, Chair of the Board of Directors	1 Jan–11 May 2023	21,905	4,000		25,905
Kuusniemi Pekka, Chair of the Board of Directors	11 May–31 Dec 2023	38,333	8,000		46,333
Koskinen Kari	1 Jan–31 Dec 2023	30,000	5,500		35,500
Koskinen Karoliina[1]	1 Jan–11 May 2023	10,952	2,000	65,015	77,967
Masala Hanna	11 May–31 Dec 2023	19,167	5,000		24,167
Reponen Kalle	1 Jan–31 Dec 2023	30,000	6,500		36,500
Sievinen Hanna	1 Jan–31 Dec 2023	37,667	10,500		48,167
Wathén Eva	1 Jan–31 Dec 2023	30,000	8,500		38,500
Total		**218,024**	**50,000**	**65,015**	**333,039**

[1] Other remuneration is related to Sawn Timber Industry employment relationship in financial administration during 2023.
[2] The meeting fees include the meeting fees payable for attending the meetings of the Board of Directors and the meeting fees of the Audit Committee.

Remuneration of the CEO 2023

CEO CONTRACT AND REMUNERATION PRINCIPLES

The company's CEO was Jukka Pahta during the financial period.

The remuneration of the CEO consists of a fixed monthly salary, fringe benefits and variable short-term and long-term incentive schemes. The Board of Directors decides on the remuneration of the CEO, the content of the performance bonus and the objectives. The CEO is covered by the Finnish statutory TyEL insurance. The CEO has a payment-based supplementary pension insurance.

The Board of Directors has the right to amend the terms of incentive schemes unilaterally for a weighty reason. The CEO's period of notice is six months. The CEO's supplementary pension benefit is determined in accordance with the decision of the company's Board of Directors. The minimum retirement age is 65 years.

SHORT-TERM INCENTIVE SCHEME

The maximum short-term performance bonus is the amount corresponding to six months' salary and it is paid in cash.

For 2022, the Board of Directors decided to pay the CEO a performance bonus amounting to six months' salary in 2023, as well as a one-off additional bonus amounting to four months' salary, based on excellent performance and successful implementation of financial solutions.

For 2022, Pahta had three main objectives (with weightings):

- 60% achievement of Group financial targets (revenue development and EBITDA level)
- 30% simplification of the Group structure
- 10% sustainability indicators (employee well-being)
- In 2022, EUR 235,300 was earned, and it was paid in March 2023.

For 2023, Pahta had three main objectives (with weightings):

- 60% achievement of Group financial targets (revenue development and EBITDA level)
- 20% sustainability indicators (safety and employee well-being)
- 20% growth strategy preparation

The performance bonus earned in 2023 was EUR 68,400 and it was paid in February 2024.

LONG-TERM INCENTIVE SCHEME

The long-term incentive scheme is the share-based incentive scheme 2022–2026. The scheme has three earning periods, financial periods 2022–2024, 2023–2025 and 2024–2026. Any payment is paid as a combination of shares and cash. The purpose of the cash component is to cover the taxes and tax-like levies incurred by the recipient. The earning criterion of the plan is a continuous service contract at the time of payment of the reward. The indicators of the performance period of the long-term incentive scheme focus on the Group's long-term profitability and return on capital.

The CEO has a separate share-based incentive scheme related to the company's listing, the fees for which will be paid in two instalments in 2023 and 2024.

LONG-TERM INCENTIVE SCHEMES IN PROGRESS

Share Plan 2022–2026	
Earning period 2022–2024:	
Maximum number of shares granted	44,000
Earning period 2023–2025:	
Maximum number of shares granted	60,000
Listing-related bonus scheme:	
Number of shares granted	30,000
of which shares paid during the financial period (gross)	12,000
of which shares paid in 2024 (gross)	18,000

CEO'S REMUNERATION 2023

EUR 1,000	
Fixed salary	437,6
Fringe benefits (included in fixed salary)	21
Supplementary pension benefit insurance (included in fixed salary)	60
Short-term performance bonus	235,3
Share-based incentive	77,3
Total	**750,1**
Variable compensation as a percentage of total earnings	41.7%

Long-term share-based incentive plans are included in the reporting as a separate item for the year in which the reward was paid.

Financials

Koskisen Financial Review 2023

This section presents Koskisen's Report of the Board of Directors and Financial Statements.

Contents

Report of the Board of Directors

Koskisen is a Finnish wood processing company with more than a hundred years of history. The main raw material used by Koskisen in its production is wood, which Koskisen processes into sawn timber, plywood, chipboard and more.

Koskisen has two business segments: Sawn Timber Industry and Panel Industry. Sawn Timber Industry produces sawn and processed timber, while Panel Industry produces birch plywood, thin plywood, veneer, chipboard and interior solutions for light and heavy-duty utility vehicles under the Kore brand.

Koskisen's wood procurement function is part of the Sawn Timber Industry segment. The wood procurement function is responsible for procuring wood for Koskisen's own production plants, delivering side streams from Koskisen's own production to the power plants owned and operated by Loimua Oy for bioenergy production at Koskisen's production plants and several other power plants in the vicinity, as well as supplying raw material (chips and pulpwood) to paper and pulp manufacturers.

Koskisen's production facilities are located in Järvelä and Hirvensalmi, Finland, as well as in Toporów, Poland.

The company's shares have been listed on Nasdaq Helsinki's main list as of 1 December 2022.

Result and financial situation

Consolidated revenue declined in January–December and amounted to EUR 271.3 (317.7) million. The decrease in revenue was mainly due to the fall in the prices of sawn timber and delivery volumes being lower than in the comparison period in both the Sawn Timber Industry segment and the Panel Industry segment.

Adjusted EBITDA declined to EUR 33.1 (66.6) million. The decrease in adjusted EBITDA was mainly due to the negative development of the market prices of sawn timber and lower delivery volumes. The prices of wood raw material have remained high.

Operating profit came to EUR 24.4 (58.2) million. Depreciation, amortisation and impairment amounted to EUR 8.6 (8.1) million. Profit before income tax amounted to EUR 24.1 (57.8) million, and income tax for the period amounted to EUR 3.8 (11.8) million. The profit for the financial period came to EUR 20.2 (46.0) million, and earnings per share were EUR 0.88 (2.48).

SEGMENTS

The Sawn Timber Industry segment's revenue amounted to EUR 122.4 (165.4) million and EBITDA to EUR 3.3 (41.6) million. The Panel Industry segment's revenue amounted to EUR 148.8 (152.1) million and EBITDA to EUR 29.3 (29.3) million.

Balance sheet, cash flow and financing

At the end of the accounting period, Koskisen's equity ratio was 54.8 (52.7) per cent, and gearing was -1.8 (-21.0) per cent.

Cash flow from operating activities for January–December amounted to EUR 14.9 (47.2) million. The effect of the change in working capital was EUR -11.9 (12.3) million. The most significant item in the increase in working capital was the increase in value of the stock of materials and supplies, which was mainly due to the increased prices of timber. In addition, the trade payables on the closing date of 2022 included significant IPO-related items. Cash flow from financing activities amounted to EUR -17.6 (15.1) million. Cash flow from investment activities came to EUR -36.2 (-18.4) million.

Interest-bearing liabilities at the end of the period amounted to EUR 63.7 (56.0) million, and liquid assets totalled EUR 66.4 (84.4) million. Interest-bearing net liabilities amounted to EUR -2.7 (-28.5) million.

KEY FIGURES

EUR million	2023	2022	Change, %
Revenue	**271.3**	**317.7**	**-14.6**
EBITDA	33.0	66.3	-50.2
EBITDA margin, %	12.2	20.9	
Adjusted EBITDA	33.1	66.6	-50.2
Adjusted EBITDA margin, %	12.2	21.0	
Operating profit (EBIT)	24.4	58.2	-58.1
Operating profit (EBIT) margin, %	9.0	18.3	
Profit for the period	20.2	46.0	-56.0
Basic earnings per share, EUR	0.88	2.48	
Diluted earnings per share, EUR	0.87	2.47	
Gross investments	32.1	27.0	
Equity per share, EUR	6.4	5.9	
Return on capital employed, ROCE %	12.1	35.7	
Working capital, end of period	37.9	28.9	
Net cash flow from operating activities	14.9	47.2	
Equity ratio, %	54.8	52.7	
Gearing, %	-1.8	-21.0	

Koskisen's liquidity has remained strong. At the end of the accounting period, available liquidity amounted to EUR 66.4 (84.4) million, comprising cash and cash equivalents of EUR 35.8 (74.5) million, deposits of EUR 20.0 (0.0) million and capital redemption contract of EUR 10.6 (fund investments 9.9) million. In addition, the company has an unused account limit of EUR 7.2 million.

Investments

Gross investments for January–December amounted to EUR 32.1 (27.0) million. The construction of the new sawmill in Järvelä accounted for a significant proportion of the investments. At the end of the financial period, advance payments and work in progress included EUR 11.3 million related to the new sawmill, and investments of EUR 27.9 million related to it were completed during the financial period. Other significant investments during the financial period include a spindleless lathe (EUR 2 million) and a solar power plant in Järvelä (EUR 1.3 million).

Value creation

Koskisen's ability to create value is based on a material-efficient and integrated value chain from the forest to the end product. Koskisen's efficient integrated operating model enables the optimum use of wood as a raw material at its production facilities, and Koskisen's wood procurement enables the availability of high-quality wood raw material.

Koskisen's integrated operating model is based on interlinked processes, which form the basis of Koskisen's business from the forest through production to finished products. Koskisen's entire value chain, from harvesting to final products, is designed around synergetic material flows and an agile operating model, which enables the use of raw materials from different sources.

In Koskisen's integrated operating model, wood procurement procures the raw materials that are delivered to Koskisen's production facilities for processing. The by-products generated early in the production process, such as bark, are used for heat production of the production plant processes in Järvelä and Hirvensalmi. The by-products generated by the Sawn Timber Industry segment and Koskisen's birch plywood production, such as part of the wood chips and sawdust, are used in Koskisen's chipboard production. Koskisen is the only mechanical wood industry company in Finland with the level of integration described above.

Strategy

Koskisen's strategy is the cornerstone of all of the company's operations. Koskisen's growth is based on close customer relationships, quality, responsibility and agility, which are key focus areas in the strategy.

The new sawmill, systematic product development, organic and inorganic growth, and ensuring the sales organisation's competence and capability are key strategic measures for the strategy period concluding at the end of 2027.

FINANCIAL OBJECTIVES FOR 2027

Koskisen's Board of Directors has confirmed the following long-term financial targets extending over the business cycle, which the company aims to achieve by the end of 2027.

Growth: revenue of EUR 500 million for the financial period ending on 31 December 2027, including both organic and inorganic growth

Profitability: adjusted EBITDA margin averaging 15 per cent over the cycle

Balance sheet: maintaining a strong balance sheet

Dividend policy: attractive dividend of at least one-third of the net profit each year

Personnel

The Koskisen Group had an average of 904 (925) employees in January–December 2023 and 883 (899) employees at the end of December.

Wages and salaries paid to personnel in 2023 were EUR 39.1 (37.4) million.

INCENTIVE SCHEMES FOR THE MANAGEMENT AND KEY PERSONNEL

Koskisen has a share-based incentive program for its key employees for the years 2022–2026. The purpose of the incentive program is to align the objectives of the company's shareholders and persons participating in the program in order to increase the value of the company in the long term, commit the participants to the company and offer them a competitive incentive program for earning and accumulating shares. Currently, the members of the Group's Executive Board, a total of seven people, are eligible to participate in the share-based incentive program.

The incentive program consists of three three-year earning periods: 2022–2024, 2023–2025, and 2024–2026. The Company's Board of Directors determines the key persons eligible for the incentive program for each earning period, as well as the earning criteria and objectives, which may be based on financial performance, strategy or other objectives.

In addition, the Company's Board of Directors determines the fees to be paid under the incentive program to each participating person, and they are paid in shares and in cash. The cash component covers the tax costs related to the shares. The Company's Board of Directors has the right to decide that the remuneration be paid in full in cash. The members of Koskisen's Executive Board are required to retain a certain holding until the end of their membership in Koskisen's Executive Board.

On 13 April 2023, the Company's Board of Directors resolved on the criteria and targets, as well as the eligible key employees, for the second earning period of the share-based incentive program. In the second earning period of the incentive program, participants eligible for the incentive program may earn up to a total of 215,000 shares or a cash amount corresponding to their value before the deduction of taxes, if the reward is decided to be paid in cash.

REMUNERATION REPORT

Koskisen's Remuneration Report 2023 will be published as a separate report from the Report of the Board of Directors.

Research and development

Koskisen's main product groups include sawn and processed timber in the Sawmill Industry segment and birch plywood, thin plywood, veneer, chipboard and interior solutions for light and heavy-duty utility vehicles under the Kore brand in the Panel Industry segment.

Koskisen's product development aims to improve the functionality and properties of products in accordance with the principles of responsible and sustainable development and focuses on material efficiency, recyclability and fossil-free raw materials. Koskisen's product development focuses on improving long-term use, renewability and safety, as well as on developing new products.

The Group's research and development expenditure amounted to EUR 0.5 (0.3) million, or 0.2 (0.1) per cent of revenue.

Risks and uncertainties and their management

The Board of Directors of Koskisen Oyj has confirmed the Group's risk management policy and risk management principles. All Group companies and businesses regularly assess and report on the risks related to their business operations and the adequacy of the required control methods and risk management measures. The purpose of these risk assessments is to ensure adequate measures to manage risks. Risk management frameworks, policies and principles are regularly assessed and developed.

SHORT-TERM RISKS

The Group's most significant short-term risks are related to the availability of raw materials and the management of price changes, negative changes in the general geopolitical situation, the general weakening of the market situation and its effect on market demand, the solvency of customers and the purchasing power of consumers, the delivery capability of suppliers and service providers, the labour market situation, the seasonality of operations, changes in customer relationships, and the success of the ramp-up of production at the new sawmill.

RUSSIA'S MILITARY OPERATIONS

Koskisen stopped importing wood from Russia in March 2022. The end of imports from Russia has kept the wood market situation tight in Finland, mainly with regard to pulpwood and forest converted chips. The procurement of birch raw material from Finland has succeeded according to plans.

EU sanctions on Russia affect the supply of sawn timber and birch plywood on the market, significantly restricting it.

The process of winding down Koskisen's logistics and timber procurement company in Russia was completed in November 2023. The share of Russian operations in the Group's revenue was small, approximately 0.1 per cent of the Group's revenue, and the financial impact of the closure of operations was minor. The Russian unit had one employee. After this, the company has no operations in Russia.

THE MOST SIGNIFICANT RISKS RELATED TO KOSKISEN'S OPERATIONS

The following table provides a brief summary of the most significant risks related to Koskisen's operations. Together or separately, the risks may have a positive or negative impact on Koskisen's operations, performance, financial position, competitiveness and reputation. The risks are presented in a random order in the table.

RISKS RELATED TO KOSKISEN'S OPERATING ENVIRONMENT

Description of the risk	Risk management and factors that mitigate uncertainty
Koskisen operates in cyclical sawmill and panel industry markets, and the uncertainty and unfavourable development of the economic situation may reduce the demand for Koskisen's products or the profitability of its operations, which may have an adverse effect on Koskisen's business operations, operating result and financial position.	Koskisen has two business segments with partially countercyclical markets. This softens the impact of cyclicality at the Group level. Koskisen operates in several markets and its customers represent several end-use segments with different demand drivers.
Fluctuations in wood prices, disturbances in wood supply and impacts on the availability of wood may cause significant costs, disturbances in production and adversely affect Koskisen's profitability.	Koskisen has an extensive and professional wood procurement organisation with decades of experience in the industry. Wood procurement aims to proactively react to potential risks related to wood raw material.
The effects of general cost inflation on production costs and thus Koskisen's profitability.	The procurement organisation closely monitors the development of production costs and engages in close dialogue with production and sales regarding the possible impact of costs on the pricing of final products. In accordance with its hedging policy, Koskisen uses hedging instruments to control key production factors, such as electricity price fluctuations.
Epidemics can disrupt Koskisen's operations and result in significant costs.	Koskisen aims to prevent and, if necessary, minimise the impact of the pandemic on the health and safety of personnel and ensure undisturbed supply chain with various exceptional arrangements, such as the use of different types of protective equipment or restrictions on group sizes.
Environmental impacts and climate change, as well as their mitigation, may have impacts on Koskisen's operations, performance and reputation. Such impacts may include changes in consumer behaviour, business processes, material damage, technology change needs, increased regulation and increased environmental taxation.	The direct environmental and climate impacts of Koskisen's own operations are managed in many different ways, for example by increasing energy efficiency, using more and more renewable energy sources, increasing material efficiency and using water and other natural resources responsibly. In its raw material procurement, Koskisen ensures that sustainable forest management practices are implemented. Koskisen monitors the development of regulation and industry recommendations related to the topic and takes these into account in its own operations.

RISKS RELATED TO KOSKISEN'S BUSINESS

Description of the risk	Risk management and factors that mitigate uncertainty
Significant disruptions or interruptions in Koskisen's production or deliveries, interruptions in energy distribution, damage to, destruction or closure of Koskisen's production facilities, or disruptions in the transfer of production to the new Järvelä unit would materially impair Koskisen's ability to deliver its products to customers and would have an adverse effect on its business operations and operating result.	Koskisen manages its integrated production and supply chain taking risk factors into account. Koskisen has prepared for any disruptions in production and business caused by accidents through comprehensive insurance policies. The new unit's pursued production volume for the first phase is based on full production in two daily shifts. In the ramp-up of production, a daily third shift can be used to reach the targeted volumes.
Koskisen may lose significant customers (over 10% of revenue), which may have a material adverse effect on Koskisen's business operations and profitability.	Koskisen's customer base is geographically diversified and spread over different industries. There are no individual customers in the customer base whose share of revenue would be significant.
Koskisen's business operations involve risks related to environmental contamination and environmental damage.	Koskisen's production operations require a valid environmental permit. Koskisen monitors, supervises and reports the environmental impacts of its operations systematically. Koskisen has quality, environmental and safety management certificates audited annually by a third party.
Koskisen's business operations involve safety and health risks, such as accident and damage risks in its production facilities, which, if realised, could lead to Koskisen's obligation to compensate for damages and delay or interfere with the delivery of Koskisen's products and services.	Koskisen has comprehensive insurance policies in case of accidents and damage. The need for insurance is assessed annually and whenever necessary due to particular changed circumstances. Koskisen carries out systematic safety work and invests in modern safety equipment to minimise risks.
Failure to recruit competent management or personnel or loss of key personnel could have a materially detrimental effect on Koskisen's ability to operate its business.	Koskisen manages risk through interesting tasks, developing its empolyer image, competitive reward, investments in personnel development and training and more. In addition, annual personnel surveys are used to survey the work community's well-being, motivation and related development needs.
Difficulties in maintaining and updating IT infrastructure, shortcomings in IT systems and external cyber-attacks related to IT systems may have a detrimental effect on Koskisen.	Koskisen is prepared for increased cybercrime and information system disruptions. The purpose of systematic monitoring and the placement of critical systems in cloud services is to ensure that the company is able to react quickly and has the best expertise in the event of an incident.
The weakening of Koskisen's reputation could affect its business operations.	The Code of Conduct is the foundation of Koskisen's business operations. The company's Code of Ethics guide to operating honestly, transparently, lawfully and ethically with all stakeholders.
Industrial action, such as strikes, can disrupt Koskisen's business operations.	Koskisen respects the freedom of association. Koskisen maintains an open and active dialogue with different labour market parties.

RISKS RELATED TO THE FINANCIAL POSITION AND FINANCING

Description of the risk	Risk management and factors that mitigate uncertainty
The covenants included in Koskisen's financing agreements may limit Koskisen's business operations and financial flexibility, and Koskisen may have difficulties in complying with the terms of its financing agreements, which may lead to the financing agreements falling prematurely due or increased costs.	Koskisen takes care of its solvency, sufficient and functional funding relationships and the structure of financing. Koskisen actively and proactively monitors the development of its solvency and financial position. The management of financial risks is discussed in more detail in note 3 to the financial statements.
Exchange rate fluctuations may have a material adverse effect on Koskisen.	Koskisen uses currency hedging instruments in accordance with the hedging policy approved by the Board of Directors.
Credit losses may have a detrimental effect on the operating result of Koskisen.	In accordance with its policy, Koskisen has comprehensive credit risk insurance policies and well-functioning risk management processes.

Governance

COMPOSITION OF THE BOARD OF DIRECTORS

On 31 December 2023, Koskisen Corporation's Board of Directors had the following six members: Pekka Kuusniemi (Chair of the Board of Directors), Eva Wathén, Kari Koskinen (Vice Chairman), Kalle Reponen, Hanna Sievinen and Hanna Masala.

CORPORATE GOVERNANCE STATEMENT

Koskisen Corporation's Corporate Governance Statement 2023 will be published as a separate statement from the Report of the Board of Directors.

Changes in Group structure

The process of winding down Koskisen's logistics and timber procurement company in Russia was completed in November 2023. The share of Russian operations in the Group's revenue was small, approximately 0.1 per cent of the Group's revenue, and the financial impact of the closure of operations was minor. The Russian unit had one employee. After this, the company has no operations in Russia.

Shares and ownership

Koskisen's share capital amounts to EUR 1,512,000. On 31 December 2023, the total number of issued shares was 23,011,659 and the total number of outstanding shares was 23,010,573. The company has one series of shares. One share carries one vote at the general meeting. The shares have no nominal value. The company's shares have been listed on Nasdaq Helsinki Oy as of 1 December 2022.

TREASURY SHARES

On 31 December 2023, the company held 1,086 treasury shares, which was 0.005 per cent of the total number of shares. The shares were acquired through an over-the-counter transaction. The share repurchases are related to Koskisen Corporation's personnel offering carried out in autumn 2022. The shares have been redeemed in accordance with the terms and conditions of the offering from persons whose employment relationship ended before autumn 2024. The shares were redeemed at a price of EUR 3 per share, which is the same as the subscription price for the personnel offering.

SHARE PRICE AND TURNOVER

A total of 1,532,898 of the company's shares were traded on the Helsinki Stock Exchange between 1 January and 31 December 2023, corresponding to 6.7 per cent of the total number of shares. The highest share price was EUR 6.80 and the lowest EUR 5.78. The average price of the shares traded was EUR 6.36. The share turnover was EUR 9,756,449. At the end of the review period, the market capitalisation of the company was EUR 138,069,954.

AUTHORISATIONS OF THE BOARD OF DIRECTORS

On 11 May 2023, the Annual General Meeting authorised the Board of Directors to resolve on the repurchase of the company's own shares. Under the authorisation, the Board of Directors may resolve on the repurchase of a maximum of 1,000,000 of the company's own shares. The repurchase authorisation is valid until 30 June 2024, and it revokes all previous repurchase authorisations concerning the company's own shares.

On 11 May 2023, the Annual General Meeting authorised the Board of Directors to resolve on issuing new shares and/or transferring treasury shares held by the company and/or issuing option rights and other special rights referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. Under the authorisation, a maximum of 1,000,000 new shares may be issued and/or treasury shares held by the company or its group company may be transferred, the amount of which also includes any shares issued on the basis of option rights or other special rights. The authorisations revoke all previous authorisations concerning the issuance of shares and the granting of special rights entitling to shares. The Board of Directors decides on all other matters relating to the authorisations. The authorisations are valid until 30 June 2024.

FLAGGING NOTIFICATIONS

Koskisen received one flagging notification in 2023. According to the flagging notification, the total holdings of shares and votes of the Sirkka-Leena Koskinen estate in Koskisen Corporation had fallen below the five per cent threshold.

Estimate of probable development

Koskisen Group's revenue for 2024 is expected to grow from the level of 2023. The adjusted EBITDA margin is expected to be 8–12 per cent.

Board of Directors' proposal for the distribution of profits

On 31 December 2023, the parent company's distributable assets were EUR 120,952,032.01, of which the profit for the financial period constitutes EUR 13,232,443.34.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.32 be paid for each outstanding share for the financial year 2023. Based on the number of shares registered on 12 April 2024, the total dividend would be EUR 7,367,703.36. The remaining part of the distributable funds will be left in unrestricted equity.

The Board of Directors has assessed the company's financial situation and liquidity before making the proposal. The company's financial position has not changed significantly since 31 December 2023, the company's liquidity is still good and the proposed dividend will not endanger the company's solvency.

Non-financial disclosures

IMPACTS OF OPERATIONS

Koskisen's business is based on forests, which is why taking care of nature and environment is at the core of Koskisen's business and strategy. The company also has a significant direct impact as an employer and user of materials and services, and an indirect impact as a taxpayer. In 2023, the company had some 900 employees.

The company's operations are based on sustainable forestry and skilled wood procurement, the processing

of wood into bioeconomy products and the green transition, and the creation of added value for customers and other stakeholders. The customer's needs and quality perceived by the customer are the starting point for all operations, as is working in close cooperation with various stakeholders.

Koskisen's most important customer groups are the construction industry, wholesalers and retailers, manufacturers of transport equipment and various furniture and furnishings. Other important stakeholders include the personnel, forest owners, investors, logging and transport companies, the reseller network and material suppliers. The company is engaged in active dialogue with its stakeholders.

The company is involved in the development of local communities, for example, through cooperation with educational institutions and selected cooperation forums. The company's focus is on supporting the well-being of children and young people through various community-based recreational activities.

Koskisen's raw material supply chain consists of wood procurement and the procurement of other raw materials and services. The responsibility of procurement is ensured through self-monitoring, third-party-certified processes, such as various certificates, and audits of key material suppliers. Koskisen's suppliers commit to operating in an ethically sustainable manner in accordance with the principles of the Code of Conduct. A Supplier Code of Conduct was drafted in 2023, and it will be deployed during 2024.

Koskisen is PEFC CoC and FSC CoC certified for managing the origin of wood. In 2023, 84.5 per cent of the wood procured by Koskisen was certified. All of the wood used in production was sourced from Finland in 2023.

PREPARING FOR 2024

During 2023, Koskisen prepared for the requirements of the Corporate Sustainability Reporting Directive (EU) 2022/2464, which will enter into force at the beginning of 2024, as well as the European Sustainability Reporting Standards (ESRS).

In 2023, Koskisen carried out a dual materiality analysis to deepen its understanding of the company's essential sustainability aspects and their impacts, risks and opportunities for the environment, people and society throughout the value chain. Koskisen's most significant sustainability aspects are related to climate change, biodiversity, the circular economy and its own workforce.

Koskisen's business model and strategy are based on close customer relationships, quality, sustainability and agile business. In addition to defining sustainability aspects, work began during 2023 to update the Group's strategy and determine the direction for future growth, taking into account the most significant sustainability aspects as drivers of strategy and business operations.

Environment

PRODUCTION FACILITIES

The environmental aspects of Koskisen's industrial operations are managed in accordance with Koskisen's environmental management system (ISO 14001) and the environmental permit requirements. The most significant environmental impacts are related to the resources used by the production units and the reuse of production side streams.

Key environmental aspects include functioning waste management, air and water system protection, noise abatement and the prevention of chemical accidents. Protective measures and unit-specific operating instructions have been drawn up for these in the company's operating system to prevent environmental incidents and promote environmental protection, as well as to continuously improve operations and the state of the environment. The environmental management system is guided by the Group's operating policy.

An environmental dashboard has been created for the company and production unit levels, and its results are monitored on a quarterly basis.

Employees are informed about topical environmental issues and the achievement of environmental objectives through Koskisen's internal channels. The company's goal is to have active and proactive employees who take environmental issues into account in their work, which is achieved through the continuous development of their environmental knowledge and competence.

Koskisen's operations in the Tehdastie and Mäntsäläntie plant areas in Järvelä, as well as the production plant operations in Hirvensalmi, have been granted environmental permits valid until further notice, which are supervised by the local ELY Centres (business, transport and environment). The emission limit values set in environmental permits are continuously monitored and any deviations are immediately reacted to. The operations in Poland do not require environmental permission. Koskisen publishes a separate environmental report annually, which can be found on the company's website.

ENVIRONMENTAL RISK MANAGEMENT

The identification, management and reporting of environmental risks has been implemented as part of Koskisen's environmental management system. Risks have been identified on a unit-by-unit basis locally. The most significant risks include noise, oil spills and air emissions. Environmental risks and plans for their management are updated regularly.

ENVIRONMENTAL INCIDENTS

No serious environmental damage was caused in the operations of Koskisen's production units in 2023. Six minor environmental incidents related to local oil and adhesive spills occurred at Koskisen's Järvelä plant areas. The incidents were recorded in Koskisen's Continuous Development application and corrective actions were taken. The incidents did not result in permanent environmental pollution.

KEY INDICATORS

	2023	2022
Total energy consumption (MWh)	365,498	363,076
Percentage of renewable sources in total energy consumption (%)	81%	80%
Total GHG emissions (location-based) (tCO_2eq)	167,745	178,354
GHG removal compared with total GHG emissions (location-based)	2.3	2.1

Significant sustainability aspects

CLIMATE CHANGE

In order to mitigate climate change, Koskisen invests in the energy efficiency of its own production facilities and increasing the use of renewable energy. Sustainable forestry and wood procurement that promotes the regeneration of forests are ways to ensure healthy trees and soil as carbon sinks. Koskisen's wood products store the carbon sequestered by forests during their long service life.

In 2023, Koskisen made several energy efficiency investments. These included roof renovations in several production buildings in Järvelä, the renewal of the wall and roof insulation of the plywood factory's soaking basin building, adoption of LED lighting in all properties, and an investment in a new thin plywood press in Hirvensalmi, as well as various measures to improve energy efficiency.

The production of renewable energy at the plywood and chipboard factories located in the Järvelä Tehdastie industrial area will increase in 2024 thanks to the new solar power plant. The solar power plant was built in 2023.

Koskisen acquires the wood used as a raw material in a responsible and sustainable way, so that carbon sinks and biodiversity are restored as quickly as possible. Wood procurement complies with the requirements set by the PEFC or FSC chain of custody certificates. Carbon sequestered by forests is stored in Koskisen's highly durable wood and side stream products. It is in Koskisen's interests to harvest timber at the end of the growth phase.

BIODIVERSITY

The forestry recommendations used by Koskisen are based on the sustainability guidelines issued by the Forestry Development Centre Tapio. Operators in the forest sector have jointly drawn up comprehensive guidelines for economically, ecologically, socially and culturally sustainable forestry. Koskisen encourages and trains both harvesting entrepreneurs and forest owners to operate in accordance with these guidelines while maintaining biodiversity.

> **Carbon sequestered by forests is stored in Koskisen's highly durable wood and side stream products.**

During 2024, Koskisen will build an information system to monitor measures that support biodiversity and set targets for the measures.

CIRCULARITY AND MATERIAL EFFICIENCY

Koskisen's material and resource efficiency is high. Koskisen manages different material flows efficiently and uses raw materials from different sources as fully as possible in the production of plywood, sawn timber products and chipboard. Koskisen will continue to act in a material-wise and systematic manner in the overall use of wood raw material and in the development of new solutions that increase added value.

In 2023, Koskisen invested in a spindleless lathe at the plywood factory, and it was commissioned late in the year. The new lathe will significantly improve material efficiency by utilising the log more precisely and enhance our ability to use valuable wood raw material as efficiently as possible.

During 2024, operating principles, indicators and objectives for significant environmental sustainability aspects will be defined.

Social aspects

PERSONNEL

Koskisen is one of the largest employers in the Päijät-Häme region. The company works closely with several harvesting and transport companies as well as industrial service providers. In addition to the approximately 900 Koskisen employees, the company employs some 4,000 people indirectly. In addition, Koskisen offers summer jobs to nearly 100 young people each year.

Koskisen invests in its employees' competence, motivation and experience of meaningful work. These are supported by ensuring a safe working environment, excellent working conditions, fair treatment, continuous competence development and seeing to well-being at work. Principles in HR management include equality, non-discrimination, fair remuneration, training and development, and occupational health, which are guided through the Group's operating policy.

The overall score in Koskisen's 2023 occupational well-being survey was 3.93 (3.85) out of 5.00, an all-time high. This is proof of the culture of cooperation, an interactive work community and a sense of mutual appreciation. Every team will review the results of the annual occupational well-being survey and draw up a concrete development plan.

Koskisen's goal is zero accidents. Long-term work to promote safety is a shared strategic intent. The continuous improvement of occupational safety includes safety observations, risk assessments and, through these, the prevention of as many risks as possible. The employees are encouraged to propose safety measures and engage in the development of a common safety culture. In 2023, Koskisen received 78 (109) safety initiatives and 61 of them were rewarded. A total of 5,238 (4,926) safety observations were made. In 2023, Koskisen introduced compensation for accident-free periods.

KEY INDICATORS

Indicator	2023	2022
Employee satisfaction survey overall index	3.93	3.85
Employee satisfaction survey response rate	82.2%	76.0%
Employee satisfaction survey eNPS[1]	19	12
Average attendance rate	95.0%	94.8%
Accident frequency (LTA1)[2]	17.9	19.3

[1] Employee Net Promoter Score (eNPS) is an internationally comparable recommendation index with scale between -100–+100.
[2] Number of accidents leading to absence per one million working hours.

EQUALITY AT KOSKISEN

Promoting equal treatment, equality and diversity is an essential part of the corporate culture and its continuous renewal. The essence of Koskisen can be seen in the appreciation and inclusion of everyone. It is important for Koskisen also to act and grow as a fair, supportive and open work community.

RISKS TO EMPLOYEES

Psychosocial stress and occupational health and safety have been identified as risks related to employees. The assessment of psychosocial stress is part of the workplace survey, which is carried out every three years.

Preventive work in occupational health is carried out with the help of a mental concern service and the guidance of an occupational physiotherapist in occupational health care to prevent musculoskeletal disorders. Early support processes also support employment and motivate employees. Occupational safety risk prevention is based on occupational safety observations and initiatives, safety tours, regularly conducted workplace-specific risk assessments, accident investigation, communications and continuous personnel training.

RESPECTING HUMAN RIGHTS AND COMBATTING CORRUPTION AND BRIBERY

Koskisen respects human rights. The company does not accept the use of child labour or forced labour, or discrimination of any kind on the grounds of race, age, gender, nationality or sexual orientation.

Corruption, bribery and illegal payments and receiving such are prohibited in the Group's operations.

Koskisen requires compliance with the Code of Conduct in its own operations and supply chain. Koskisen's operating policy also guides ethical and responsible operations.

A more detailed implementation plan for subsequent years will be prepared in 2024 to assess the human rights impact.

In 2023, two anonymous reports were received through the whistleblowing channel and examined by independent experts. They were not cases of human rights violations or cases of bribery or corruption. All reports via the whistleblowing channel are treated with absolute confidentiality. The whistleblowing channel is available on the Koskisen website.

Koskisen requires compliance with the Code of Conduct in its own operations and supply chain.

INCIDENTS RELATED TO SOCIAL ASPECTS

No severe incidents concerning employees, human rights or corruption took place in 2023.

Sustainability reporting

The measures and results are reported in the sustainability section of Koskisen's annual report for 2023.

EU Taxonomy Report

The EU taxonomy is a classification system for sustainable economic activities as defined in Regulation (EU) 2020/852 of the European Parliament and of the Council (Taxonomy Regulation), which aims to increase the transparency of sustainable investment and to channel capital flows to technologies and businesses considered to be sustainable. The Taxonomy Regulation will be gradually supplemented through delegated regulations.

The criteria for making a significant contribution to the EU's climate change objectives for selected sectors and the requirements for the format of related reporting have already entered into force. Since the beginning of 2024, the criteria have also been supplemented with regard to other environmental objectives, such as the protection of marine and water resources, the transition to a circular economy, pollution prevention, and the protection of biodiversity and ecosystems.

Companies subject to the reporting obligation must report not only taxonomy eligibility (the share of their own activities that corresponds to the activities listed in the classification system) but also taxonomy alignment, i.e. the extent to which the taxonomy-eligible activities meet the technical criteria for a) making a significant contribution to the sustainability objective related to climate change, b) avoiding significant harm to the achievement of other environmental objectives (Do No Significant Harm (DNSH)), and c) the adequacy of the minimum safeguards for their own activities and supply chain to avoid social violations (Minimum Safeguards).

The majority of Koskisen's products are so far excluded from the taxonomy review, as the evaluation focuses mainly on Koskisen's forest management services, energy efficiency improvements in production plants and properties, as well as forest biomass-based energy production. However, this does not mean that Koskisen's operations are unsustainable from the EU taxonomy point of view, but that the majority of the operations are not currently among the activities that the EU perceives to be used to achieve the most immediate and significant climate benefits in relative terms in its economic area. In many taxonomy-eligible functions, meeting the criteria for taxonomy alignment requires information on detailed consideration of climate aspects and often also on their independent verification on a scale that has not hitherto been used. Therefore, for the time being, taxonomy alignment is not formally demonstrated due to the lack of data, but as the taxonomy criteria become established and various parties take these into account in their operations, the availability of data is expected to improve.

ACCOUNTING PRINCIPLE

Koskisen's consolidated financial statements have been prepared in accordance with the accounting standards (IFRS) adopted in the EU (for more information, see the note "accounting policies" to the financial statements). The percentage ratios of the taxonomy have been calculated by allocating the financial figures presented in the consolidated financial statements (Revenue, capital expenditure (CapEx) and certain operating expenses (OpEx)) to the businesses deemed taxonomically eligible in accordance with the delegated act on the reporting format of the Taxonomy Regulation. The minimum social safeguards were assessed by benchmarking against the interpretation guidelines of the Commission Communication (2023/C 211/01).

TAXONOMY ASSESSMENT

Taxonomy eligibility and taxonomy alignment were established by comparing Koskisen's activities that generated revenue and were the target of investments during the 2023 financial period with the descriptions of the economic activities listed in the taxonomy and their technical criteria. With a large part of Koskisen's operations currently being outside the scope of the taxonomy, taxonomy assessment is limited to the following taxonomy-eligible economic activities:

CCM 1.3. Forest management

Forest management services provided to forest owners include activities such as soil preparation, planting of seedlings and seeds, early weeding, tending of seedling stands and preclearing. Koskisen's timber harvesting operations also generate revenue, the share of which can be broken down from invoicing in connection with the sale of timber on behalf of forest owners. The activities cannot yet be considered to be in line with the taxonomy, as formal climate benefit estimates in accordance with the requirements are not yet available in the forest management plans of the forest parcels concerned by the activities.

PPC 2.4. Rehabilitation of contaminated sites and areas

Operating expenditure used for groundwater treatment operations in Järvelä is considered taxonomy-eligible. The contamination of groundwater was caused in 1976 by the fire extinguishing water of Koskisen's sawmill with a chlorophenol-containing wood preservative for sawn timber (KY-5). Groundwater treatment operations were started independently in 2012 using a method developed in cooperation with Afry Finland Oy.

CE 3.2. Repair of existing buildings

In 2023, Koskisen implemented maintenance measures for factory and office buildings that are taxonomy-eligible. The biggest investment has been the renovation of the roof and walls of the plywood factory's log pond. Maintenance activities do not yet meet all the criteria for significantly promoting the transition to a circular economy, as the Global Warming Potential (GWP) is not yet calculated for all renovations of buildings.

CCM 3.5. Manufacture of energy efficiency equipment for buildings

The cladding panels, logs, external wall frame parts and battens manufactured by Koskisen from wood and panel products used for doors were considered to be a key part of the insulation of the building concerned and thus of its energy efficiency. They are not yet taxonomy-aligned, as the material's thermal conductivity (W/mK) exceeds the limit value of the technical criterion for significant climate change mitigation.

CCM 3.6. Manufacture of other low carbon technologies

During the financial year 2023, Koskisen prepared the start of commercial production of Zero furniture panel. In the Zero furniture panel, wood-based lignin replaces the fossil-based binder conventionally used in similar products, being a lower-emission alternative to ordinary furniture panels, and therefore it has been interpreted to correspond to the manufacture of other low-carbon technologies referred to in the taxonomy. Not all verification data required by taxonomy are available yet.

CCM 4.1. Electricity generation using photovoltaic technology

In 2023, a solar power field was built at Koskisen's Tehdastie factory area. The investment related to solar power production is both taxonomy-eligible and taxonomy-aligned. In accordance with normal practices, the project has invested in the best available technology and has no significant adverse environmental impacts.

CCM 4.24. Production of heat/cool from bioenergy

The Sermet and BIO8 boiler plants at Koskisen's Mäntsäläntie plant area produce district heat for the plant's own needs from 100% wood biomass, utilising the by-products of its own process. Not all the required data concerning the source of the wood biomass are currently available, so it is not yet possible to verify that the activities are taxonomy-aligned.

CCM 4.20. Cogeneration of heat/cool and power from bioenergy

The Koskipower boiler plant at Koskisen's Tehdastie plant area produces heat and electricity from 95.4% wood biomass. In special cases (for example, during maintenance work), the boiler plant may also fire fossil fuels, but this proportion has not been calculated in the taxonomy eligibility ratio. Not all the required data concerning the source of the wood biomass are currently available, so it is not yet possible to verify that the activities are taxonomy-aligned.

CCM 5.1. Construction, extension and operation of water collection, treatment and supply systems

During the financial period 2022, a significant investment was made in the stormwater system, continuing in part during 2023. The technical energy consumption data required to prove taxonomy alignment were not yet available.

CCM 7.3. Installation, maintenance and repair of energy efficiency equipment

More energy-efficient LED lights have been installed at Koskisen's properties, among other measures. At the Hirvensalmi thin plywood factory, a new steam pipe has been drawn from the biopower plant for production, allowing to increase the use of thermal energy produced by own bioenergy power plant. For the time being, with in the absence of the required data, not all of the technical criteria for avoiding sustainability disadvantages can have been demonstrated.

CE 4.1. Provision of IT/OT data-driven solutions

During the reporting year, Koskisen implemented a veneer management system that improves resource efficiency and developed condition monitoring systems at Panel Industry's Järvelä factories.

The EU taxonomy requires companies to disclose how they have avoided duplicate accounting when allocating the shares of turnover, capital expenditure (CapEx) and certain operating expenses (OpEx) to economic activities (numerator items) that are taxonomically eligible (and aligned). The functions listed above correspond to the cost and income items of the business areas that are separately monitored in Koskisen's accounting, which makes it possible to allocate financial figures to parts of operations that are considered taxonomy eligible.

MINIMUM SAFEGUARDS

By minimum safeguards, the Taxonomy Regulation refers to a company's procedures to ensure that its operations and supply chain comply with a) OECD Guidelines for Multinational Enterprises, b) UN Guiding Principles on Business and Human Rights (UNGP), c) the declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO) and d) the United Nations Universal Declaration on Human Rights.

In practice, adherence to the above principles requires the company to have in place administrative processes for a) the realisation of human rights and good working conditions (in accordance with the UN Guiding Principles and the OECD Guidelines), b) combatting corruption and bribery, c) safeguarding fair competition and d) the payment of taxes to avoid violations, and that the company or its management has not been convicted of illegal activity in relation to the topics.

Koskisen has no illegal violations against the aforementioned matters and the Group's current governance structures, practices and controls are designed to ensure compliance with them. Koskisen invests in many ways in its social responsibility priorities: occupational safety, employee well-being and maintaining good and fair partnerships with customers and forest owners. The aim is to prevent negative impacts through various policies, guidelines and risk assessments. Various indicators of occupational safety and customer satisfaction are monitored and the results are reported on an annual basis. Koskisen also has a Whistleblowing channel on its website, which can be used to anonymously report any violations. Read more about Koskisen's responsible business assurance methods in the NFI disclosures.

Koskisen monitors the development of relevant EU legislation, in particular the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD) with detailed reporting requirements, and assesses the need for updating the minimum safeguards referred to in the Taxonomy Regulation on the basis of these.

ADDITIONAL INFORMATION ABOUT TAXONOMY RATIOS

The taxonomy-eligible turnover for the 2023 financial period consisted of invoicing in accordance with customer agreements for products and services deemed taxonomy-eligible. The denominator of the ratio is the Group's total revenue for 2023.

The taxonomy-eligible CapEx capital expenditure (CapEx ratio numerator) consists of increases in tangible and intangible capital related to activities assessed as taxonomy eligible during the financial period. Correspondingly, the taxonomy eligible proportion of the OpEx operating expenses referred to in the Delegated Act on the reporting format supplementing the EU Taxonomy Regulation has been calculated in terms of the costs essential for the continuity of operations assessed as taxonomy eligible connected to maintenance and repairs, short-term leasing contracts and research and development expenses. The corresponding financial figure presented in Koskisen's consolidated financial statements has been included in its entirety in the denominator of both ratios.

Koskisen had no direct links to nuclear or fossil gas-based energy production within the meaning of Delegated Regulation (EU) 2022/1214.

ACTIVITIES IN THE FOSSIL GAS AND NUCLEAR ENERGY SECTORS

Line	Nuclear energy-related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Line	Fossil gas-related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cooling using fossil gaseous fuels.	NO

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	**Code**	**Absolute turnover**	**Proportion of turnover, 2023**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity and ecosystems**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity and ecosystems**	**Minimum Safeguards**	**Proportion of turnover, 2022**	**Category (enabling activity)**	**Category (transitional activity)**
		MEUR	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
TAXONOMY-ELIGIBLE ACTIVITIES																			
Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0%**	**0.0%**	**0.0%**
Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Forest management	**CCM 1.3.**	**17.8**	**6.6%**														**5.9%**		
Manufacture of energy efficiency equipment for buildings	**CCM 3.5.**	**9.1**	**3.3%**														**1.6%**		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**26.9**	**9.9%**														**7.5%**		
Turnover of Taxonomy eligible activities		**26.9**	**9.9%**														**7.5%**		
TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**244.4**	**90.1%**																
TOTAL		**271.3**	**100%**																

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	**Code**	**CapEx**	**Proportion of CapEx, 2023**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity and ecosystems**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity and ecosystems**	**Minimum Safeguards**	**Proportion of CapEx, 2022**	**Category (enabling activity)**	**Category (transitional activity)**
		MEUR	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
TAXONOMY-ELIGIBLE ACTIVITIES																			
Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	**CCM 4.1.**	**1.3**	**4.0%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0%**		
CapEx of environmentally sustainable activities (Taxonomy-aligned)		**1.3**	**4.0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0%**	**0.0%**	**0%**
Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Renovation of existing buildings	**CE 3.2.**	**1.4**	**4.0%**														**0.0%**		
Installation, maintenance and repair of energy efficiency equipment	**CCM 7.3.**	**0.4**	**1.1%**														**0.5%**		
Forest management	**CCM 1.3.**	**0.3**	**0.8%**														**0.8%**		
Provision of IT/OT data-driven solutions	**CE 4.1.**	**0.2**	**0.5%**														**0.0%**		
Construction, extension and operation of water collection, treatment and supply systems	**CCM 5.1.**	**0.0**	**0.1%**														**4.5%**		
Production of heat/cool from bioenergy	**CCM 4.24.**	**-**	**0.0%**														**1.7%**		
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**2.2**	**6.5%**														**7.5%**		
CapEx of Taxonomy eligible activities		**3.5**	**10.5%**														**7.5%**		

TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CapEx of Taxonomy-non eligible activities		**30.2**	**89.5%**
TOTAL		**33.8**	**100%**

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	**Code**	**OpEx**	**Proportion of OpEx, 2023**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity and ecosystems**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity and ecosystems**	**Minimum Safeguards**	**Proportion of OpEx, 2022**	**Category (enabling activity)**	**Category (transitional activity)**
		MEUR	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
TAXONOMY-ELIGIBLE ACTIVITIES																			
Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned)		**0.0**	**0.0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0%**	**0.0%**	**0%**
Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Production of heat/cool from bioenergy	**CCM 4.24.**	**1.4**	**10.1%**														**5.8%**		
Cogeneration of heat/cool and power from bioenergy	**CCM 4.20.**	**1.1**	**8.1%**														**3.5%**		
Renovation of existing buildings	**CE 3.2.**	**0.1**	**1.1%**														**0.0%**		
Forest management	**CCM 1.3.**	**0.1**	**0.5%**														**0.9%**		
Remediation of contaminated sites and areas	**PPC 2.4.**	**0.0**	**0.3%**														**0.0%**		
Manufacture of low carbon technologies	**CCM 3.6.**	**0.0**	**0.1%**														**0.7%**		
OpEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**2.7**	**20.2%**														**10.9%**		
OpEx of Taxonomy eligible activities		**2.7**	**20.2%**														**10.9%**		

TAXONOMY-NON-ELIGIBLE ACTIVITIES			
OpEx of Taxonomy-non eligible activities		**10.8**	**79.8%**
TOTAL		**13.5**	**100%**

Shares and shareholders

MAJOR SHAREHOLDERS ON 31 DECEMBER 2023

	Number of shares	% of shares
Kari Koskinen	4,493,065	19.53
Markku Koskinen	3,729,988	16.21
Eva Wathén	2,228,988	9.69
Ella Paksuniemi	1,314,693	5.71
Ester Paksuniemi	1,314,693	5.71
Laura Paksuniemi	1,314,693	5.71
Karoliina Koskinen	922,039	4.01
Lasse Koskinen	922,039	4.01
Elo Mutual Pension Insurance Company	814,332	3.54
Varma Mutual Pension Insurance Company	814,332	3.54
Stephen Industries Inc Oy	498,599	2.17
Ilmarinen Mutual Pension Insurance Company	485,000	2.11
Riitta Kokko-Parikka	475,130	2.06
Arto Koskinen	475,130	2.06
Juha Koskinen	475,130	2.06
Veritas Pension Insurance Company	228,523	0.99
UB Suomi investment fund	209,172	0.91
Högskolestiftelsen i Österbotten	145,000	0.63
UB Metsä Global special mutual fund	88,630	0.39
WIP Nordic Equity	70,000	0.3
20 largest, total	**21,019,176**	**91.34**

BREAKDOWN OF SHAREHOLDING BY SCALE ON 31 DECEMBER 2023

Lower limit	Upper limit	Number of shareholders	Share of shareholders, %	Total number of shares	% of shares
1	100	2,783	53.4	171,911	0.7
101	500	1,870	35.9	406,278	1.8
501	1,000	290	5.6	229,282	1
1,001	5,000	203	3.9	406,545	1.8
5,001	10,000	23	0.4	167,109	0.7
10,001	50,000	19	0.4	486,361	2.1
50,001	100,000	4	0.1	310,376	1.3
100,001	500,000	8	0.2	2,964,935	12.9
500,001		10	0.2	17,868,862	77.7
Total		**5,210**	**100**	**23,011,659**	**100**

OWNERSHIP STRUCTURE BY SECTOR 31 DECEMBER 2023

	Number of shares	% of shares
Companies	803,691	3.5
Financial and insurance institutions	387,182	1.7
Public sector	2,258,664	9.8
Households	19,098,915	83
Non-profit organisations	123,730	0.5
Foreign shareholders	5,328	0
Total	22,677,510	98.5
Nominee-registered	334,149	1.5
All in total	**23,011,659**	**100**

Calculation formulas for key figures

Items affecting comparability are unusual material items outside the ordinary course of business that relate to (i) costs related to reorganisations, (ii) impairment charges, (iii) the gain or loss from the sale of businesses or significant fixed assets and (iv) costs related to the Listing. Items affecting comparability is presented to reflect the underlying business performance of Koskisen and to enhance comparability between periods. Koskisen believes that items affecting comparability provide meaningful supplemental information by excluding items outside the ordinary course of business that reduce comparability between periods.

Key figure	Definition	Reason for use
EBITDA	Operating profit (loss) + Depreciation, amortisation and impairments	EBITDA is an indicator used to measure Koskisen's performance.
EBITDA margin, per cent	$\frac{\text{EBITDA}}{\text{Revenue}} \times 100$	EBITDA margin is an indicator used to measure Koskisen's performance.
Adjusted EBITDA	EBITDA + Items affecting comparability	Adjusted EBITDA is an indicator used to measure Koskisen's performance. Adjusted EBITDA is presented in addition to EBITDA to reflect the underlying business performance and to enhance comparability between periods. Koskisen believes that adjusted EBITDA provides meaningful supplemental information by excluding items outside the ordinary course of business that reduce comparability between periods.
Adjusted EBITDA margin, per cent	$\frac{\text{Adjusted EBITDA}}{\text{Revenue}} \times 100$	Adjusted EBITDA margin is an indicator used to measure Koskisen's performance. Adjusted EBITDA margin is presented in addition to EBITDA margin to reflect the underlying business performance and to enhance comparability between periods. Koskisen believes that adjusted EBITDA margin provides meaningful supplemental information by excluding items outside the ordinary course of business that reduce comparability between periods.
EBIT margin, per cent	$\frac{\text{Operating profit (loss)}}{\text{Revenue}} \times 100$	EBIT margin is an indicator used to measure Koskisen's performance.

Key figure	Definition		Reason for use
Adjusted EBIT	Operating profit (loss) + Items affecting comparability		Adjusted EBIT is an indicator used to measure Koskisen's performance. Adjusted EBIT is presented in addition to operating profit (loss) to reflect the underlying business performance and to enhance comparability between periods. Koskisen believes that adjusted EBIT provides meaningful supplemental information by excluding items outside the ordinary course of business that reduce comparability between periods.
Adjusted EBIT margin, per cent	Adjusted EBIT / Revenue	x 100	Adjusted EBIT is an indicator used to measure Koskisen's performance. Adjusted EBIT is presented in addition to operating profit (loss) to reflect the underlying business performance and to enhance comparability between periods. Koskisen believes that adjusted EBIT provides meaningful supplemental information by excluding items outside the ordinary course of business that reduce comparability between periods.
Basic Earnings per Share, EUR	Profit (loss) for the period attributable to owners of the parent company / Weighted average number of ordinary Shares outstanding during the period		Basic Earnings per Share reflects the distribution of Koskisen's results to its shareholders.
Diluted Earnings per Share, EUR	Profit (loss) for the period attributable to owners of the parent company / Weighted average number of ordinary Shares outstanding during the period + Weighted average number of all dilutive instruments potentially to be converted into Shares		Diluted Earnings per Share reflects the distribution of Koskisen's results to its shareholders.
Capital employed	Total assets - Current liabilities		Capital employed reflects the capital tied to Koskisen's operations and it is used to calculate return on capital employed.
Liquid assets	Current financial assets at fair value through profit or loss + Deposits + Cash and cash equivalents		Liquid assets reflects the amount of cash and other assets that are readily convertible to cash.
Net debt	Borrowings + Lease liabilities - Liquid assets		Net debt is an indicator used to assess Koskisen's total external debt financing.

Key figure	Definition		Reason for use
Net debt/EBITDA, ratio	Net debt / EBITDA (last 12 months)	x 100	Net debt/EBITDA is an indicator used to assess the level of Koskisen's financial risk and the level of Koskisen's indebtedness.
Working capital	Inventories + Trade receivables + Other receivables - Advances received - Trade payables - Trade payables, payment system		Working capital is an indicator used to monitor the level of direct net working capital tied to Koskisen's operations.
Equity ratio, per cent	Total equity / Total assets - Advances received	x 100	Equity ratio measures Koskisen's solvency and ability to meet its liabilities in the long term.
Gearing, per cent	Net debt / Total equity	x 100	Gearing is a measure used to assess Koskisen's financial leverage.
Return on capital employed, per cent	Operating profit (loss) (last 12 months) / Capital employed (average for the last 12 months)	x 100	Return on capital employed reflects the return of capital tied to Koskisen's operations.

Reconciliation of alternative performance measures

The following table sets forth a reconciliation of the Alternative Performance Measures as at the dates and for the periods indicated:

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Items affecting comparability		
Costs related to reorganisations	326	430
The gain (-) or loss (+) from sale of businesses or significant fixed assets	-190	-2,485
Costs related to the Listing	-	2,428
Items affecting comparability	**137**	**373**
EBITDA		
Operating profit (loss)	24,396	58,168
Depreciation, amortisation and impairments	8,607	8,083
EBITDA	**33,003**	**66,251**
EBITDA margin, per cent		
EBITDA	33,003	66,251
Revenue	271,275	317,651
EBITDA margin, per cent	**12.2%**	**20.9%**

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Adjusted EBITDA		
Operating profit (loss)	24,396	58,168
Depreciation, amortisation and impairments	8,607	8,083
Items affecting comparability	137	373
Adjusted EBITDA	**33,140**	**66,624**
Adjusted EBITDA margin, per cent		
Adjusted EBITDA	33,140	66,624
Revenue	271,275	317,651
Adjusted EBITDA margin, per cent	**12.2%**	**21.0%**

Consolidated Financial Statements (IFRS)

Consolidated statement of comprehensive income

EUR thousand	Note	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Revenue	2	**271,275**	**317,651**
Other operating income	4	4,050	4,316
Change in inventories of finished goods and work in progress	16	922	-634
Change in fair value of forest assets	13	870	-19
Materials and services	5	-156,769	-161,770
Employee benefit expenses	6	-46,890	-46,269
Depreciation, amortisation and impairments	8	-8,607	-8,083
Other operating expenses	9	-40,455	-47,025
Operating profit (loss)		**24,396**	**58,168**
Finance income	10	4,573	5,998
Finance expense	10	-4,910	-6,408
Finance costs, net		**-337**	**-410**
Profit (loss) before income tax		**24,059**	**57,757**
Income tax expense	11	-3,829	-11,784
Profit (loss) for the period		**20,230**	**45,973**

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

EUR thousand	Note	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Translation differences		335	186
Other comprehensive income for the period, net of tax		**335**	**186**
Total comprehensive income for the period		**20,565**	**46,159**
Profit (loss) for the period attributable to:			
Owners of the parent company		20,230	39,746
Non-controlling interests		-	6,227
Profit (loss) for the period		**20,230**	**45,973**
Total comprehensive income for the period attributable to:			
Owners of the parent company		20,565	39,929
Non-controlling interests		-	6,230
Total comprehensive income		**20,565**	**46,159**
Earnings per share for profit attributable to the ordinary equity holders of the parent company:			
Basic earnings per share, EUR	19	0.88	2.48
Diluted earnings per share, EUR	19	0.87	2.47

Consolidated balance sheet

EUR thousand	Note	Dec 31, 2023	Dec 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	12	97,508	76,275
Forest assets	13	3,599	2,731
Right-of-use assets	14	26,159	22,702
Intangible assets	15	1,308	923
Financial assets at fair value through profit or loss	20	960	1,752
Other receivables	17	11	79
Deferred tax assets	11	88	129
Total non-current assets		**129,634**	**104,590**
Current assets			
Inventories	16	37,544	34,174
Trade receivables	20	23,365	25,541
Other receivables	17	10,427	9,534
Financial assets at fair value through profit or loss	20	10,625	9,892
Income tax receivables	11	1,839	354
Deposits	20	20,000	-
Cash and cash equivalents	20	35,771	74,527
Total current assets		**139,571**	**154,022**
TOTAL ASSETS		**269,205**	**258,612**

The consolidated balance sheet should be read in conjunction with the accompanying notes.

EUR thousand	Note	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	18	1,512	1,512
Legal reserve	18	16	16
Reserve for invested unrestricted equity	18	73,843	73,843
Treasury shares	18	-3	-
Cumulative translation difference	18	144	-191
Retained earnings		51,487	20,886
Profit (loss) for the period		20,230	39,746
Total equity attributable to owners of the parent company		**147,229**	**135,811**
Total equity		**147,229**	**135,811**
Non-current liabilities			
Borrowings	20	31,310	24,150
Lease liabilities	14, 20	23,857	25,294
Other long-term employee benefits	6	3,124	3,020
Deferred tax liabilities	11	5,697	3,734
Provisions	21	150	100
Total non-current liabilities		**64,138**	**56,299**
Current liabilities			
Borrowings	20	6,401	4,500
Lease liabilities	14, 20	2,132	2,015
Advances received	20	639	756
Trade payables	20	25,411	32,263
Trade payables, payment system	20	7,396	7,316
Other payables	22	15,811	19,501
Income tax liabilities	11	13	130
Provisions	21	35	20
Total current liabilities		**57,838**	**66,501**
Total liabilities		**121,976**	**122,800**
TOTAL EQUITY AND LIABILITIES		**269,205**	**258,612**

Consolidated statement of changes in equity

		Attributable to owners of the parent company								
EUR thousand	**Note**	**Share-capital**	**Legal reserve**	**Reserve for invested unrestricted equity**	**Treasury shares**	**Cumulative translation differences**	**Retained earnings**	**Total equity attributable to owners of the parent company**	**Equity attributable to non-controlling interests**	**Total equity**
Equity at Jan 1, 2023		**1,512**	**16**	**73,843**	**-**	**-191**	**60,631**	**135,811**	**-**	**135,811**
Profit (loss) for the period		-	-	-	-	-	20,230	20,230	-	20,230
Other comprehensive income										
Cumulative translation differences		-	-	-	-	335	-	335	-	335
Total comprehensive income		**-**	**-**	**-**	**-**	**335**	**20,230**	**20,565**	**-**	**20,565**
Transactions with owners:										
Dividend distribution		-	-	-	-	-	-9,895	-9,895	-	-9,895
Share-based payments	18	-	-	-	-	-	751	751	-	751
Acquisition of treasury shares	18	-	-	-	-3	-	-	-3	-	-3
Total transactions with owners		**-**	**-**	**-**	**-3**	**-**	**-9,144**	**-9,148**	**-**	**-9,148**
Equity at Dec 31, 2023		**1,512**	**16**	**73,843**	**-3**	**144**	**71,717**	**147,229**	**-**	**147,229**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

		Attributable to owners of the parent company								
EUR thousand	**Note**	**Share-capital**	**Legal reserve**	**Reserve for invested unrestricted equity**	**Treasury shares**	**Cumulative translation differences**	**Retained earnings**	**Total equity attributable to owners of the parent company**	**Equity attributable to non-controlling interests**	**Total equity**
Equity at Jan 1, 2022		**1,512**	**16**	**-**	**-**	**-374**	**34,486**	**35,641**	**23,179**	**58,820**
Profit (loss) for the period		-	-	-	-	-	39,746	39,746	6,227	45,973
Other comprehensive income										
Cumulative translation differences		-	-	-	-	183	-	183	3	186
Total comprehensive income		**-**	**-**	**-**	**-**	**183**	**39,746**	**39,929**	**6,230**	**46,159**
Transactions with owners:										
Share issue (merger)	18	-	-	43,252	-	-	-13,842	29,409	-29,409	-
Directed share issue, personnel offering	18	-	-	345	-	-	-	345	-	345
Share-based payments	18	-	-	-	-	-	242	242	-	242
Share issue	18	-	-	32,029	-	-	-	32,029	-	32,029
Transaction expenses, share issue	18	-	-	-1,783	-	-	-	-1,783	-	-1,783
Total transactions with owners		**-**	**-**	**73,843**	**-**	**-**	**-13,601**	**60,242**	**-29,409**	**30,833**
Equity at Dec 31, 2022		**1,512**	**16**	**73,843**	**-**	**-191**	**60,631**	**135,811**	**-**	**135,811**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

EUR thousand	Note	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Cash flow from operating activities			
Profit (loss) for the period		**20,230**	**45,973**
Adjustments:			
Depreciation, amortisation and impairment	8	8,607	8,083
Change in the fair value of the forest assets	13	-870	19
Gains and losses from sale of subsidiaries		-	-2,209
Gains and losses from sale of non-current assets		-328	-396
Interest and other finance income and expense	10	337	410
Income taxes	11	3,829	11,784
Change in other long-term employee benefits		-6	-678
Share-based payments		751	238
Other adjustments		134	0
Adjustments total		**12,454**	**17,251**
Changes in net working capital:			
Change in trade and other receivables	17, 20	1,079	661
Change in trade and other payables	20, 22	-9,722	8,120
Change in inventories	16	-3,266	3,527
Utilised provision	21	68	1
Interest received		1,417	163
Interest paid		-4,106	-9,227
Other financial items received		390	163
Arrangement fees and other financing costs paid		-201	-1,080
Income taxes paid		-3,408	-18,326
Net cash flow from operating activities		**14,936**	**47,225**

EUR thousand	Note	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets	12, 14	-17,067	-22,046
Proceeds from sale of non-current assets		1,023	491
Payments for financial assets at fair value through profit or loss	20	-10,000	-
Proceeds from financial assets at fair value through profit or loss		9,892	-
Investments in deposits		-35,000	-
Repayment of deposits		15,000	-
Proceeds from sale of subsidiary, net of cash sold		-	3,136
Net cash from investing activities		**-36,152**	**-18,418**
Cash flows from financing activities			
Proceeds from issue of shares		-	30,591
Acquisition of treasury shares		-3	-
Proceeds from borrowings	20	-	29,000
Repayment of borrowings	20	-4,500	-43,988
Proceeds from a change in a lease contract		-	3,000
Repayments of lease liabilities	20	-3,165	-3,511
Dividends paid		-9,895	-
Net cash from financing activities		**-17,563**	**15,092**
Net change in cash and cash equivalents		**-38,780**	**43,898**
Cash and cash equivalents at the beginning of the period		74,527	30,538
Effects of exchange rate changes on cash and cash equivalents		24	91
Cash and cash equivalents at the end of period		**35,771**	**74,527**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. General information and basis of preparation

GENERAL INFORMATION OF THE GROUP

Koskisen Corporation (the company, the parent company) together with its consolidated subsidiaries (Koskisen, the Group) is a Finnish public company active in the sawn timber and panel industries where it manufactures a wide range of wooden products such as sawn goods, plywood and chipboard. Koskisen aims to be a sustainable partner with both the forest owners as well as its customers. Koskisen was founded in 1909. Its headquarters is in Järvelä, Finland and it has offices in Finland and Poland. Koskisen has approximately 900 employees.

Koskisen Corporation is a Finnish public limited liability company, with a corporate identity number, 0148241-9, domiciled in Kärkölä, Finland. The registered address is Tehdastie 2, 16600 Järvelä, Finland. The parent company's / Koskisen Corporation's shares are listed on the main list of Nasdaq Helsinki Oy from 1 December 2022.

The Board of Directors of Koskisen Corporation has approved these consolidated financial statements for issue on 12 April 2024. A copy of the consolidated financial statements is available at the Internet-address www.koskisen.com.

BASIS OF PREPARATION

Koskisen's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and the IAS and IFRS standards as well as interpretations issued by the SIC and the IFRIC as at 31 December 2023. The notes to the consolidated financial statements also comply with the requirements under the Finnish accounting and company legislation complementary to the IFRS.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The consolidated financial statements have been prepared primarily under the historical cost convention unless otherwise indicated. Financial assets at fair value through profit or loss, derivative liabilities and forest assets, as well as assets and liabilities regarding benefit-based plans and share-based payments have been measured at fair value.

The consolidated financial statements are presented in thousands of euros, which is the functional and presentation currency of the parent company.

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand unless otherwise stated, therefore the sum of individual figures may deviate from the presented total figure.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euros, which is the company's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses relating to the ordinary course of business, as well as, foreign exchange gains and losses relating to financial items are presented in finance costs, net in the statement of comprehensive income.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet. Income and expenses for each statement of comprehensive income are translated at average exchange rates. All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or otherwise disposed of, the associated exchange differences are reclassified to the statement of comprehensive income, as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

THE EFFECTS OF THE RUSSIAN WAR OF AGGRESSION

Koskisen actively monitors the impact of Russia's war of aggression against Ukraine on the estimates and assumptions used in the preparation of the consolidated financial statements. The war has kept the demand for birch plywood high relative to supply, supporting the high price level of birch plywood. The impact of the war on the estimates presented in financial reporting is based on the management's best judgement.

The liquidation process of OOO Koskiles, Koskisen's logistics and wood supply company operating in Russia, was completed in November 2023, after which the group has no operations in Russia. The costs related to the liquidation of the company were not significant.

KEY ESTIMATES AND MANAGEMENT JUDGEMENT

The preparation of financial statements in conformity with IFRS requires management to use certain critical estimates and exercise judgement, which have an impact on the amount of assets and liabilities as well as the amount of income and expenses recognised for the financial year presented in these consolidated financial statements. In addition, the management is required to use judgement in the application of the accounting policies.

The estimates and judgement are continually evaluated and are based on the management's best knowledge, historical experience and expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are presented in the following notes to the consolidated financial statements:

Note	Key estimates and judgements
13. Forest assets	Valuation of forest assets
14. Leases	Embedded leases
14. Leases	Lease term determination
14. Leases	Determination of incremental borrowing rate
21. Provisions	Estimation of the amount and timing of the provision

2. Segment information and revenue

Koskisen's chief operative decision-maker (CODM) is the Board of Directors which monitors the results of the Group and allocates resources to the segments. Koskisen's operating segments, which also are the Group's reportable segments are the Panel Industry and the Sawn Timber Industry. The Board of directors monitors each segment's performance on the basis of revenue and EBITDA. Transactions between operating segments are based on arm's length terms, and they are eliminated on consolidation.

The Panel Industry provides tailored high quality panel board solutions to our customers. The Panel Industry revenue comprises sales of plywood, chipboard, thin plywood and veneer as well as optimised van interior solutions.

The Sawn Timber Industry provides sawn timber and further-processed products that are produced from high-quality wood raw material. The Sawn Timber Industry revenue comprises sales of sawn timber and further processed timber as well as wood procurement side products for pulp and paper industry and bioenergy for several power plants.

Other consists of Kosava-Kiinteistöt Oy, 100% owned subsidiary providing facility management related services to the parent company, as well as some of the Group central functions which are not allocated to the segments.

REVENUE BY SEGMENTS

	Jan 1–Dec 31, 2023			Jan 1–Dec 31, 2022		
EUR thousand	**External**	**Internal**	**Total**	**External**	**Internal**	**Total**
Panel Industry	148,786	9	148,795	152,111	1,873	153,984
Sawn Timber Industry	122,400	24,823	147,223	165,426	23,637	189,063
Segments total	**271,186**	**24,832**	**296,018**	**317,537**	**25,510**	**343,048**
Other	89	577	666	114	581	695
Elimination of internal sales		-25,410	-25,410		-26,092	-26,092
Total	**271,275**	**-**	**271,275**	**317,651**	**-**	**317,651**

Koskisen generates revenue mainly from the sale of goods, i.e. sawn timber and panel. Majority of the Koskisen's revenue is recognised at a point in time when customer obtains control of the goods based on the applicable delivery terms. The payment terms in Koskisen's customer contracts typically vary between 30 and 60 days, and the contracts do not include significant financing components. The contracts may include variable payments such as cash discounts or other discounts.

In 2023 and 2022 Koskisen had no external customers from which revenue recognised would have been over 10% of the Group's total revenue.

REVENUE BY COUNTRIES

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Finland	111,206	124,553
Japan	21,116	39,950
Germany	20,320	20,822
Poland	11,556	11,742
Other EU countries	75,419	81,718
Other countries	31,658	38,866
Total	**271,275**	**317,651**

EBITDA BY SEGMENTS

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Panel Industry	29,282	29,279
Sawn Timber Industry	3,274	41,557
Segments total	**32,556**	**70,835**
Other	3,204	-4,747
Eliminations	-2,757	162
Total	**33,003**	**66,251**

RECONCILIATION OF EBITDA TO OPERATING PROFIT (LOSS)

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
EBITDA	33,003	66,251
Depreciation, amortisation and impairments	-8,607	-8,083
Operating profit (loss)	**24,396**	**58,168**

CONTRACT ASSETS AND LIABILITIES

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Contract liabilities[1]	501	598

[1] Included in Advances received in the balance sheet

Revenue was recognised for the majority of the amount included in the contract liability balance at the beginning of the period.

NON-CURRENT ASSETS BY GEOGRAPHICAL AREA

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Finland	126,498	101,898
EU countries	3,032	2,493
Other countries	16	42
Total	**129,546**	**104,434**

ACCOUNTING POLICY

Based on contracts with customers, sales of goods are distinct performance obligations. In addition, Koskisen applies various delivery terms based on Incoterms 2020, which are the official rules for the interpretation of trade terms as issued by the International Chamber of Commerce (ICC). Control of goods sold transfers at a point in time, typically when the title for the goods or physical possession of the goods has transferred to the customer, the customer has accepted the goods or Koskisen has right to payment.

When control of goods has transferred to the customer, but Koskisen still has responsibility to arrange for delivery or insurance, these services are considered as distinct performance obligations; and, if material, recognised over time, while the service is being performed. Koskisen considers that the customer is able to benefit from these services by simultaneously receiving and consuming the benefits provided by such a service.

The more widely used delivery terms are Carriage and Insurance Paid to (CIP), Carriage Paid to (CPT), Cost, Insurance and Freight paid to (CIF) or Cost and Freight paid to (CFR): with revenue for goods recognised at the point of handing over the goods to a carrier in accordance with relevant term; for Free of Carriage (FCA) sale of goods is recognised at the point of handing the goods over to the buyer's carrier; and for Delivered at Place (DAP) at the point of delivery to destination.

Koskisen recognises revenue from contracts with customer to the amount that it expects to receive from the customer net of any sales taxes. Any variable considerations, such as discounts, included in the customer contract are estimated and included in the revenue only to the extent that it is highly probable that no significant reversal in the amount of cumulative revenue recognised will not occur. The amount of variable consideration is estimated at the end of each reporting period. When a contract contains more than one performance obligation, the consideration included in the contract is allocated to the performance obligations based on stand-alone selling prices. Koskisen does not have significant warranty or return obligations.

Koskisen does not recognise material contract assets arising from contracts with customers, as right to consideration typically meets the definition of trade receivables on initial recognition. Trade receivables are recognised when the control of the goods is transferred to the customer, and the consideration included in the contract is unconditional except for the passage of time. In Koskisen's customer contracts the period between the transfer of the goods or services to the customers and the receipt of payment is less than 12 months. Koskisen has elected to use the practical expedient not to adjust revenue for the effect of financing components. Any advance payments received from the customers are recognised on the balance sheet (contract liability).

Koskisen recognises paid sales commissions as an expense in the same period in which the corresponding sales transaction is recognised.

3. Financial risk and capital management

Financial risks are divided into credit risk covering business-related credit risk and financial credit risk, liquidity risk and market risk covering foreign exchange risk and interest rate risk. These financial risks are managed by the Koskisen Group Finance department in accordance with the Koskisen Treasury Policy. Koskisen Treasury Policy is approved by the Board of Directors of Koskisen Corporation.

The objective for treasury activities is to guarantee sufficient funding at all times and to identify, evaluate and manage financial risks.

CREDIT RISK

Credit risk arises from cash and cash equivalents, deposits, investments measured at fair value through profit or loss (FVPL), favourable derivative financial instruments as well as trade receivables. The Group's credit risks or counterparty risks are realised when the customer or other counterparty is unable to fulfil its commitments to the Group.

Regarding trade receivables Koskisen applies the expected credit loss model to assess impairment loss for the doubtful trade receivables since the trade receivables do not contain a significant financing component. To measure the lifetime expected credit losses, trade receivables have been grouped based on aging category and measured based on historical loss rates adjusted by forward looking estimates and individual assessment. Trade receivables is written off as impaired when receivership or bankruptcy is confirmed or when it is otherwise obvious that the customer will be unable to meet its payment obligations. Changes in impairment loss for doubtful trade receivables are recognised under other operating costs in the statement of comprehensive income. According to the principles of credit management, the quality of receivables is assessed on the basis of customer-specific analysis. Credit risks related to customers are managed by credit insurance, advance payment terms and/or by expecting bank guarantees or confirmed letters of credit for customer payments.

Koskisen is also exposed to counterparty risks related to financial institutions, through the significant amounts of liquid funds deposited with financial institutions, in the form of financial investments and in derivatives. Financial investments are made only with counterparties with high creditworthiness. While cash and cash equivalents and deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

LOSS ALLOWANCE

EUR thousand	Not due	Under 30 days	30–60 days	61–90 days	Over 90 days	Total
Dec 31, 2023						
Expected loss rate	0.1%	0.1%	0.2%	1.6%	100.0%	
Trade receivables, gross	18,750	4,464	160	5	85	23,464
Loss allowance	-11	-3	-0	-0	-85	-99
Trade receivables, net	**18,739**	**4,462**	**159**	**5**	**-**	**23,365**

EUR thousand	Not due	Under 30 days	30–60 days	61–90 days	Over 90 days	Total
Dec 31, 2022						
Expected loss rate	0.1%	0.1%	0.2%	1.6%	100.0%	
Trade receivables, gross	22,043	3,369	125	31	15	25,584
Loss allowance	-12	-2	-0	-0	-15	-30
Trade receivables, net	**22,031**	**3,367**	**125**	**31**	**-**	**25,554**

LOSS ALLOWANCE RECONCILIATION

EUR thousand	2023	2022
Opening loss allowance at Jan 1	30	41
Increase in loss allowance recognised in the statement of comprehensive income during the financial year	99	30
Receivables written off during the financial year as uncollectible	-20	-4
Unused amount reversed	-10	-37
Closing loss allowance at Dec 31	**99**	**30**

LIQUIDITY RISK

Cash flow from operations is the principal source of Koskisen's financing. External funding, as well as cash and financial investments, are managed centrally by Koskisen Group Finance according to the Koskisen Treasury Policy. Financial investments are made mainly in short-term instruments to ensure continuous liquidity.

Koskisen ensures sufficient liquidity at all times by efficient cash management and by maintaining sufficient available committed and uncommitted credit lines that are available until 2025. Refinancing risk is managed by having a sufficiently long loan portfolio. The Group's existing credit facilities include committed revolving credit facility totalling to EUR 8.0 million as at 31 December 2023 (31 December 2022: EUR 8.0 million).

At the end of 2023, the funding of Koskisen was guaranteed by existing committed credit facilities, cash and financial investments. The Group had cash and cash equivalents totalling EUR 35.8 million as at 31 December 2023 (31 December 2022: EUR 74.5 million).

Binding revolving credit facilities and long-term loans include financial covenants, which are described below in the capital management section.

MATURITIES OF FINANCIAL LIABILITIES

EUR thousand	2024	2025	2026	2027	2028	2029–	Total contractual cash flows	Carrying amount
Dec 31, 2023								
Loans from financial institutions	7,877	9,237	13,993	3,246	3,180	5,086	42,619	37,711
Lease liabilities	4,979	3,523	2,848	2,565	2,458	23,472	39,846	25,989
Trade payables	25,411	-	-	-	-	-	25,411	25,411
Trade payables, payment system[1]	7,437	-	-	-	-	-	7,437	7,396
Total	**45,704**	**12,759**	**16,841**	**5,811**	**5,639**	**28,559**	**115,312**	**96,507**

EUR thousand	2023	2024	2025	2026	2027	2028–	Total contractual cash flows	Carrying amount
Dec 31, 2022								
Loans from financial institutions	5,650	6,265	6,357	11,309	657	2,227	32,465	28,650
Lease liabilities	4,090	3,759	3,355	2,766	2,584	27,311	43,865	27,309
Trade payables	32,263	-	-	-	-	-	32,263	32,263
Trade payables, payment system[1]	7,316	-	-	-	-	-	7,316	7,316
Total	**49,319**	**10,024**	**9,712**	**14,075**	**3,241**	**29,538**	**115,909**	**95,538**

[1] Trade payables under the payment system are payable on demand, so the company reports them as short-term debt. Accumulated interest and interest for the 45 days notice period have been added to the contractual cash flows of these.

MARKET RISK

Commodity price risk

Prices of panel board and sawn wood products as well as timber used as raw material fluctuates based on international market conditions exposing Koskisen revenue and profitability to negative fluctuations. Koskisen hedges against electricity price risk fluctuations by entering partly in fixed price contracts. For the purchases between 1 to 12 months forward, the range of the price fixing is between 65% to 90% and for the following 13 to 24 months, the range of the price fixing is between 35% to 75%. Koskisen's principle is to keep the degree of hedging within these ranges. The Group's aim is to ensure that a sufficiently large proportion of the purchases is protected from fluctuations in the market price. The significant volatility of the electricity prices is an additional risk for production costs and its importance for market competition depends on the realisation of the risk in relation to competitors.

Foreign exchange risk

Koskisen's headquarters is in Finland and Koskisen also has a foreign subsidiary in Poland. The Group is exposed to both transaction and translation foreign exchange risks. The Group's business and results from operations are exposed to changes in exchange rates between the euro, the presentation currency, and other currencies, such as the U.S. dollar (USD) and British pound (GBP). The largest export currency after the euro is the USD, which is used for example as the currency for exports to Japan. The magnitude of foreign exchange exposures changes over time as a function of revenue and costs in different markets, as well as the prevalent currencies used for transactions in those markets. Significant changes in exchange rates may also impact Koskisen's competitive position and related price pressures through their impact on our competitors.

The majority of Koskisen's revenue and results are in the group companies' functional currencies, hence Koskisen's exposure to risks, other than risks arising from USD, is limited. Additionally, Koskisen is exposed to risks related to liquidity and payment discipline of its customers, which may impact cash flow or lead to credit losses.

As shown in the table below, Koskisen is primarily exposed to changes in EUR/USD exchange rate. The sensitivity of profit or loss to changes in the exchange rates arises mainly from revenue, outstanding trade receivables in USD, and a bank account in USD. Koskisen's exposure to other foreign exchange movements is not material.

To mitigate the impact of changes in exchange rates on Koskisen's results, Koskisen hedges the foreign exchange exposure by entering into foreign exchange forward contracts. The Koskisen policy is to fix 100% of the USD denominated sales within the current quarter, 50% in the next quarter and 25% of the third quarter. The nominal amount of the outstanding USD foreign exchange forward contracts was EUR 2,416 thousand on 31 Dec 2023 (31 December 2022: EUR 2,404 thousand). The group's open USD position as well as the derivatives and the sensitivity analysis of the position are presented in the tables below. At the balance sheet date, the open USD position is higher than the average during the financial period.

	USD exposure	
EUR thousand	**Dec 31, 2023**	**Dec 31, 2022**
Trade receivables	752	523
Cash and cash equivalents	3,550	4,688
Trade payables	40	46
Foreign currency forwards (nominal value)	2,416	2,404
Foreign currency forwards (fair value)	55	82

	Impact on post-tax profit	
EUR thousand	**2023**	**2022**
EUR strengthens against US dollar 10%	-1,589	-2,740
EUR weakens against US dollar 10%	1,589	2,740

As Koskisen has entities where the functional currency is other than the euro, the shareholders' equity is exposed to fluctuations in foreign exchange rates. Changes in shareholders' equity caused by movements in foreign exchange rates are shown as currency translation differences in the consolidated financial statements. The Group does not hedge this risk.

Interest rate risk

Koskisen borrows money from financial institutions and the interest rates of these loans are based on floating markets rates which exposes Koskisen to an increase in its financing costs (cash flow interest rate risk).

Koskisen hedges its exposure to changes in interest rates with interest rate swaps. These hedges cover 80% (100%) of the open balance of variable rate loans from the change of the market rates. Their nominal amount is EUR 30.0 million during the periods presented. The interest rate swap agreements are valid until 2025, and accordingly effectively fix interest rates partly to predetermined level.

The following sensitivity analysis covers both variable rate loans and the interest rate swap contracts.

	Impact on post-tax profit	
EUR thousand	**2023**	**2022**
Interest rates – increase by one percentage points[1]	-77	-
Interest rates – decrease by one percentage points[1]	77	-

[1] Holding all other variables constant

CAPITAL MANAGEMENT

Koskisen aims to manage its capital in a way that supports the profitable growth of operations, and ensures an adequate liquidity and capitalisation of the Group at all times. The target is to maintain a capital structure that contributes to the creation of shareholder value. Management monitors the capital structure with leverage (Net Debt to EBITDA).

The assets employed in Koskisen's business consist principally of net working capital, fixed assets, and financial investments which are funded by equity and net debt. Koskisen aims to maintain low net working capital to ensure a healthy cash flow even when the business is growing and to maintain a high return on assets employed.

Koskisen has not defined a specific quantitative target for its capital management or capital structure, but the aim is to ensure strong credit quality to provide for ample access to external funding sources and to support the growth ambitions of the business. Koskisen considers its current capital structure to be a strength, as it allows for capturing potential value creating business opportunities, should such opportunities arise.

The key terms of the loans in the Koskisen financing agreement are:

- Interest 6 months Euribor
- Margin, which varies depending on financial performance
- Semi-annual repayments
- Covenants: Leverage, Equity ratio
- Termination date of the loan agreement 14 April, 2026.

The loan was initially recognised at fair value, net of transaction costs incurred.

The loans in the Koskisen financing agreement include covenant conditions regarding the company's indebtedness and self-sufficiency. The covenants are calculated from the figures according to Koskinen's Finnish accounting regulations and are reported to the financiers twice a year.

The table lists the covenants of the loans. The covenants were met throughout the reporting periods.

	Dec 31, 2023		Dec 31, 2022	
	Actual	**Threshold**	**Actual**	**Threshold**
Leverage	-0.02	3.5	-0.21	3.5
Equity Ratio	54.80%	30%	52.70%	30%
Cash Flow Coverage	-	-	-	-

The Board of Directors of the company has adopted a dividend policy pursuant to which Koskisen aims to pay an attractive dividend in accordance with its strategy, investment requirements, financial position and market outlook. Koskisen aims to pay a dividend equal to no less than one third of its net profit annually.

The key terms of the new sawmill financing package loans are:

- Interest 6 months Euribor
- Fixed margin
- Semi-annual repayments
- No covenants
- The loans mature between the years 2029–2031.

4. Other operating income

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Gain on sale of subsidiary	-	2,209
Sale of emission allowances	2,385	765
Gains on disposal of property, plant and equipment	484	396
Grants received	294	350
Firewood sales to forest owners	263	281
Realisation of electricity hedges	220	-
Compensations received	106	37
Lease income	93	99
Other	205	178
Total	**4,050**	**4,316**

Koskisen participates in the European Union emission trading scheme in which it has received free emission allowances for a defined period. Koskisen was granted 20,985 units of CO_2 emission rights for the year 2023 (2022: 43,675 units). The rights in excess of the Group's needs have been transferred to the following financial period. In 2023, Koskisen returned emission rights totalling 1,891 units (2022: 3,285 units).

Koskisen's CO_2 credits as at 31 December 2023 amounted to 25,297 units (31 December 2022: 35,203 units) and their market value was approximately EUR 2,033 thousand (31 December 2022: EUR 3,037 thousand). Koskisen sold emission rights in 2023 amounting to EUR 2,385 thousand (2022: EUR 765 thousand). No rights have been purchased (2022: no purchases).

ACCOUNTING POLICY

Emission rights

Koskisen participates in the European Union's Emissions Trading Scheme aimed at reducing greenhouse gas emission and receives allowances, free of charge, for a defined period to emit a fixed tonnage carbon dioxide. Allowances received are initially and subsequently measured at cost (nominal amount). The related liability is measured at the carrying amount of the allowances. Any emissions exceeding the allowances received is measured at the market value of the excess emissions. Gains arising from the sale of the emission right allowances are recorded in other operating income in the statement of comprehensive income.

Government grants

Government grants are recognised when there is reasonable assurance that the conditions underlying the grants have been met and that the grant will be received. Government grants to cover expenses incurred are recognised in the statement of comprehensive income proportionally over the periods during which the related expenses are recognised.

Government grants received, for which the expenses have not yet been recognised, are recognised as an advance received in the consolidated balance sheet. The grant component for eligible expenses already incurred during the reporting period, for which the grant will be received in subsequent reporting periods, is recognised as grant income in the statement of comprehensive income and as other receivable in the consolidated balance sheet.

5. Materials and services

Materials and services comprise purchases of materials and supplies such as logs, coatings, glues, energy for production and other production materials. External services comprise log harvesting, transportation and machinery repair services.

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Purchases of materials and supplies	122,969	122,506
Change in inventories	-2,363	2,979
External services	36,163	36,285
Total	**156,769**	**161,770**

6. Employee benefit expenses

Koskisen employed an average of 904 employees in 2023, of which 810 employees were located in Finland and 76 in Poland. In addition, there were some 20 employees working in sales in different countries around the world. Koskisen's employee benefit expenses are presented in the table below. The remuneration of the members of the Executive Board team, CEO and the members of the Board of Directors is presented in the note 24. Related party transactions.

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Wages and salaries	38,876	38,070
Pension costs - defined contribution plans	6,157	6,943
Social security costs	1,863	1,935
Other long-term benefits - service allowance	-6	-678
Total	**46,890**	**46,269**

Other long-term benefits consist of an annual service allowance plan. The cost of the plan is determined based on the advice of qualified actuary who carries out a full valuation of the plan on a regular basis using the projected unit credit method. Under this method, the costs of the plan are charged to the statement of comprehensive income to spread the regular costs over the working lives of the employees. Koskisen presents the service cost relating to defined benefit obligations in employee benefit expenses while the net interest is presented in finance costs.

AVERAGE NUMBER OF EMPLOYEES

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Salaried employees	243	236
Workers	661	689
Average number of employees during the period	**904**	**925**

ACCOUNTING POLICY

Short-term employee benefits are recognised as expenses during the period in which related service is provided. A liability is recognised when the Group has a statutory and constructive obligation relating to employment relationship based on performance received and when an obligation can be measured reliably.

Koskisen has only defined contribution pension plans in the jurisdictions it operates. The Group pays contributions to external insurance companies and it does not have a legal or constructive obligation to make additional payments in case the recipient for pension contributions is unable to pay the pension benefits. The contributions are recognised as employee benefit expense in the statement of comprehensive income during the period to which the charge relates to.

Annual service allowance

Koskisen pays an annual service allowance to its production workers based on the collective agreements. The plan is accounted for as a long-term employee benefit plan according to IAS 19 Employee benefits, with items resulting from remeasurement, which include actuarial gains and losses, are recognised immediately in the consolidated balance sheet for the period through the statement of comprehensive income (profit and loss) when they incur.

Past service costs are recognised as expenses at the earlier of the plan amendment or curtailment and when related restructuring costs or termination benefits are recognised. Net interest is calculated by applying the discount rate to the net liability or asset under the defined benefit plan. The Group recognises the changes in the net liability for the service cost in employee benefit expenses and net interest expense or income in finance costs, net.

The annual service allowance obligations and the related service costs have been calculated using the projected credit unit method by discounting the estimated future cash flows with the discount rate based on AA euro corporate bond yield curve which reflects the duration of the liability.

7. Share-based incentives

SHARE-BASED INCENTIVE PLAN 2022–2026

In March 2022, the Board of Directors of Koskisen Corporation decided on a share-based incentive program in place for its key employees for the years 2022 to 2026. The incentive program consists of three three-year earning periods, which are from 2022 to 2024, from 2023 to 2025 and from 2024 to 2026.

SHARE-BASED INCENTIVE PLAN 2022–2026 –PERFORMANCE PERIOD 2022–2024

The key employees eligible for the program, the incentives to be paid, the vesting conditions and targets determined by the company's Board of Directors were communicated to the persons participating in the arrangement in June 2022. The key employees eligible for the program (six individuals) can receive a maximum of 138,000 company shares (gross amount) if the terms of the program are met. The vesting conditions and the targets relate to meeting certain key figures (EBITDA and return on invested capital) and work obligation. The earned shares are given to the key employees after the vesting period ends. From the total number of shares, Koskisen withholds the withholding tax corresponding to the income tax liability of the key employee and pays it to the tax authorities. The arrangement has a net settlement feature of tax obligations and is classified as an equity-settled share-based transaction in its entirety. The arrangement is treated as an equity-settled share-based transaction.

SHARE-BASED INCENTIVE PLAN 2022–2026 –PERFORMANCE PERIOD 2023–2025

In April 2023, the company's Board of Directors resolved on the criteria and targets as well as the key employees eligible for the incentive program for the second earning period. The members of the Group Executive Board, a total of seven people, are currently entitled to participate in the long-term share-based incentive program. The potential receipt and amount of the reward is based on the accumulated adjusted EBITDA from 1 January 2023 to 31 December 2025 and the person's continued employment with the company. During the second earning period of the incentive program, the key employees eligible for the incentive program may earn a maximum of 215,000 shares (gross amount). The earned shares are given to the key employees after the vesting period ends. From the total number of shares, Koskisen withholds the withholding tax corresponding to the income tax liability of the key employee and pays it to the tax authorities. The arrangement has a net settlement feature of tax obligations and is classified as an equity-settled share-based transaction in its entirety. The arrangement is treated as an equity-settled share-based transaction.

INCENTIVE PLAN RELATED TO THE INITIAL PUBLIC OFFERING

In June 2022, Koskisen established a share-based incentive plan for key management. The Board of Directors has determined the employees eligible for the program, the incentives to be paid, and the vesting conditions and targets. The program includes two individuals who, if the conditions are met, can receive a maximum of 45,000 company shares. The earning criteria and goals are related to the listing and work obligation. The first part is paid two months after the listing and the second part 12 months after the first part is paid. The reward is paid half in shares and half in cash, which is determined by the value of the share at the time of payment. The arrangement is treated partly as an equity-settled and partly as a cash-settled share-based transaction. The first part was paid in full in February 2023.

	Share-based incentive plan 2022–2026		Incentive plan related to the initial public offering		Total
	Performance period 2022–2024[1]	Performance period 2023–2025	Instalment 1[1]	Instalment 2[1]	Total / Weighted average
Maximum amount, pcs[2]	138,000	215,000	18,000	27,000	398,000
Initial allocation date	Jul 1, 2022	Apr 30, 2023	Jun 21, 2022	Oct 6, 2022	
Estimated vesting date	Apr 30, 2025	Apr 30, 2026	Feb 28, 2023	Feb 28, 2024	
Maximum contractual life, years	2.8	3	0.7	1.4	2.7
Remaining contractual life, years	1.3	2.3	0.0	0.2	1.7
Number of persons at the end of reporting year	6	7	0	2	
Payment method	Equity and cash (net settlement)	Equity and cash (net settlement)	Equity and cash	Equity and cash	

[1] Maximum amounts of the Share-based incentive plan 2022–2026 Performance Period 2022–2024 and Incentive plan related to the initial offering are adjusted by the share split carried out in November 2022.
[2] The amounts are presented in gross terms, i.e. the share reward figures both the reward paid in share and a number of shares corresponding to the amount of the reward paid in cash.

	Share-based incentive plan 2022–2026		Incentive plan related to the initial public offering		
Changes during the period	Performance period 2022–2024[1]	Performance period 2023–2025	Instalment 1[1]	Instalment 2[1]	Total
Jan 1, 2023					
Outstanding in the beginning of the period	138,000	-	18,000	27,000	183,000
Changes during period					
Granted during period	-	215,000	-	-	215,000
Exercised during period	-	-	18,000	-	18,000
Dec 31, 2023					
Granted shares to which the right has not yet arisen	138,000	215,000	-	27,000	380,000

[1] Granted amounts of the Share-based incentive 2022–2026 Performance Period 2022–2024 and Incentive plan related to the initial public offering are adjusted by the share split carried out in November 2022.

FAIR VALUE DETERMINATION

The fair value of share-based incentives have been determined at grant date and the fair value is expensed until vesting. The pricing of the share-based incentives granted during the period was determined by the following inputs and had the following effect:

VALUATION PARAMETERS FOR INSTRUMENTS GRANTED DURING 2023

	Share-based incentive plan 2022–2026
Instrument	**Performance period 2023–2025**
Estimated market price of the share at the time of issuance, EUR	6.75
Maturity, years	3
Risk-free rate, %	2.72%
Expected dividends, EUR	1.1
The fair value of the benefit per share at the time of grant, EUR	5.68
Share price at reporting period end, EUR	6.00

EFFECT ON THE RESULT AND FINANCIAL POSITION

EUR thousand	Jan 1–Dec 31, 2023
Expenses for the financial year, share-based payments	540
Expenses for the financial year, share-based payments, equity-settled	462
Liabilities arising from share-based payments Dec 31, 2023	72
Estimated amount of cash to be paid for the tax withholding within the ongoing plans, Dec 31, 2023	440

SHARE ISSUE DIRECTED TO PERSONNEL

In September 2022, Koskisen carried out a directed share issue to its employees, in which all employees working in a permanent employment relationship could participate. The subscription price of the shares issued as part of the personnel offering (115,018) was lower than the fair value of the shares. The subsequent sale of the subscribed shares is limited and the shares are subject to an obligation to work for a period that ends with a separate decision of the Board of Directors, when two years have passed since the approval of the share subscriptions or when at least six months have passed since the listing, whichever occurs later.

Instrument	Share issue directed to personnel 2022[1]
Maximum amount, pcs	260,000
Initial exercise price	3.00
Dividend adjustment	No
Initial allocation date	Sept 29, 2022
Vesting date	Sept 29, 2024
Maximum contractual life, yrs	2
Remaining contractual life, yrs	0.7
Number of persons at the end of reporting year	110
Payment method	Shares

[1] Share Issue Directed to Personnel 2022 maximum amount is adjusted by the share split carried out in November 2022.

Changes during the period	Share issue directed to personnel 2022[1]
Jan 1, 2023	
Outstanding in the beginning of the period	115,018
Changes during period	
Forfeited during period	1,086
Dec 31, 2023	
Granted shares to which the right has not yet arisen	113,932

[1] Share Issue Directed to Personnel 2022 subscribed amounts are adjusted by the share split carried out in November 2022.

EUR thousand	Jan 1–Dec 31, 2023
Expenses for the financial year, share-based payments, equity-settled	289
Liabilities arising from share-based payments Dec 31, 2023	-

ACCOUNTING POLICY

The Group's share-based incentive plans are classified as equity-settled or cash-settled share-based transactions. Transactions with the net settlement feature for tax obligations are classified in their entirety as equity-settled share-based transactions. Equity-settled share-based transactions are measured at the grant date fair value. The liabilities for the cash-settled share-based transactions are measured at the fair value on each reporting date. At the end of each reporting period, the company's management evaluates the probability of the fulfilment of the plan conditions (conditions based on the performance of the service and results), updates the estimate of the number of shares expected to finally vest and makes a corresponding adjustment on the expense recognised. Payments for share-based plans are expensed on a straight-line basis over the vesting period when the obligation has incurred. The expense is presented in the employee benefit expenses. For the equity-settled plans a corresponding amount is recognised as an increase in retained earnings, and for the cash-settled plans a corresponding liability is recognised in other liabilities on the balance sheet.

8. Depreciation, amortisation and impairment

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Property, plant and equipment, depreciation		
Buildings and structures	1,503	1,063
Machinery and equipment	3,523	3,523
Other property, plant and equipment	358	215
Total	**5,385**	**4,801**
Property, plant and equipment, impairment		
Buildings and structures	-	23
Machinery and equipment	35	54
Total	**35**	**77**
Right-of-use assets, depreciation		
Power plants	1,589	1,658
Machinery and equipment	1,191	1,265
Land and water areas	49	49
Buildings	138	81
Total	**2,967**	**3,053**
Intangible assets, depreciation		
Software	220	152
Total	**220**	**152**
Depreciation, amortisation and impairment total	**8,607**	**8,083**

ACCOUNTING POLICY

Depreciation and amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of property, plant and equipment and intangible assets. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term. If Koskisen is reasonably certain on exercising a purchase option, the right-of-use asset is depreciated over its useful life.

9. Other operating expenses

Other operating expenses comprise, for example costs related to sales freight, forwarding and chipping, expenses for property maintenance and IT expenses.

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Sales freight and forwarding	22,237	28,297
IT expenses	3,954	3,302
Maintenance of property	3,528	3,820
Personnel related expenses	1,972	1,359
Administrative expenses	1,595	1,825
Consulting and administrative services	1,431	1,728
Travel expenses	1,003	752
Lease expenses	809	671
Marketing expenses	732	595
Sales commissions	656	902
Research and development expenses	540	348
Listing costs[1]	-	1,830
Other expenses[2]	1,998	1,595
Total	**40,455**	**47,025**

[1] Expenses related to the listing on the main list of Nasdaq Helsinki Oy, other than those directly related to the issuance of new shares.
[2] Other expenses include, for example expenses related to machines, equipment and vehicles, as well as losses on disposal of fixed assets.

Fees paid to the auditor of the Group performing the statutory audit for the years presented in the consolidated financial statements appointed by the annual general meeting are presented in the table below.

AUDITOR REMUNERATION

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Audit	100	347
Tax and legal advisory services	5	74
Other services	28	1,178
Total	**133**	**1,599**

Auditor remuneration include the fees paid to the auditors of each Group company.

ACCOUNTING POLICY

Research costs are expensed as incurred in the other operating expenses in the statement of comprehensive income. Development costs are expensed as incurred unless they meet the criteria for internally developed intangible assets, in which case they are capitalised as intangible assets and amortised over their expected useful life. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

10. Finance income and expenses

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Finance income		
Interest income	2,299	163
Foreign exchange gains	879	1,470
Gains on capital redemption contracts	625	-
Gains on interest rate derivatives	606	3,010
Gains on foreign currency derivatives	162	1,161
Other finance income	3	194
Total	**4,573**	**5,998**
Finance costs		
Interest expenses from lease liabilities	-2,079	-2,254
Foreign exchange losses	-961	-1,259
Interest expenses from borrowings	-934	-421
Losses on interest rate derivatives	-554	-396
Losses on foreign currency derivatives	-175	-998
Other finance expenses	-206	-1,081
Total	**-4,910**	**-6,408**
Finance income and costs total	**-337**	**-410**

Other finance expenses in 2022 include commitment fees for renewed credit facility EUR 653 thousand and availability fees related to credit facility EUR 136 thousand.

11. Income tax

Income tax expense comprises current income tax based on the taxable income for the period and deferred tax expense.

INCOME TAX EXPENSE

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Current tax on result for the period	-1,612	-9,844
Adjustments for current tax of prior periods	-208	-5
Total current income tax expense	**-1,819**	**-9,849**
Change in deferred tax assets	137	-817
Change in deferred tax liabilities	-2,147	-1,119
Total deferred tax expense	**-2,009**	**-1,935**
Income tax expense	**-3,829**	**-11,784**

The difference between income taxes at the statutory tax rate in Finland (20%) and income taxes recognised in the statement of comprehensive income is reconciled as follows:

RECONCILIATION OF THE EFFECTIVE TAX RATE

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Profit (loss) before taxes	24,059	57,757
Tax calculated at Finnish tax rate 20%	-4,812	-11,551
Effect of other tax rates for foreign subsidiaries	1	10
Effect of expenses not deductible for tax purposes	-223	-606
Utilisation of non-deductible net interest expenses from previous reporting periods	1,398	-
Effect of non-taxable income	15	377
Effect of unrecognised deferred tax assets from tax losses	-	-9
Adjustment in respect to prior years	-208	-5
Income tax expense	**-3,829**	**-11,784**

DEFERRED TAX ASSETS AND LIABILITIES

EUR thousand	At Jan 1	Recognised in profit or loss	Reclassifi-cations	Translation differences	At Dec 31
2023					
Deferred tax assets					
Leases	1,093	153		0	1,247
Other long-term employee benefits	604	21			625
Intangible assets	-	-31	97		66
Provisions	20	17			37
Credit loss provision	6	13		0	20
Other items	219	-36	-97	4	90
Total	**1,942**	**137**	**-**	**5**	**2,084**
Netting of deferred taxes	-1,814				-1,996
Total	**129**				**88**
Deferred tax liabilities					
Accumulated depreciation differences	4,280	1,547			5,827
Tangible assets	-	174	164		338
Intangible assets	164		-164		-
Derivatives	306	9			314
Borrowings	626	207			833
Rental contracts	172	196			367
Other items	-	14			14
Total	**5,547**	**2,147**	**-**	**-**	**7,694**
Netting of deferred taxes	-1,814				-1,996
Total	**3,734**				**5,697**
Deferred tax liabilities, net	**3,605**				**5,610**

EUR thousand	At Jan 1	Recognised in profit or loss	Reclassifi-cations	Translation differences	At Dec 31
2022					
Deferred tax assets					
Borrowings	1,030	-1,030			-
Other long-term employee benefits	734	-130			604
Derivatives	408	-353	-55		-
Tax losses	0	-0			-
Leases	384	710		-0	1,093
Provisions	24	-4		-0	20
Credit loss provision	8	-2		-0	6
Other items	173	-8	55	-2	219
Total	**2,761**	**-817**	**-**	**-2**	**1,942**
Netting of deferred taxes	-2,700				-1,814
Total	**61**				**129**
Deferred tax liabilities					
Accumulated depreciation differences	4,052	227			4,280
Intangible assets	168	-4			164
Derivatives	-	306			306
Borrowings	95	531			626
Rental contracts	-	172			172
Other items	113	-113			-
Total	**4,429**	**1,119**	**-**	**-**	**5,547**
Netting of deferred taxes	-2,700				-1,814
Total	**1,728**				**3,734**
Deferred tax liabilities, net	**1,667**				**3,605**

ACCOUNTING POLICY

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

12. Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

EUR thousand	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Cost at Jan 1, 2023	**2,734**	**61,241**	**95,078**	**6,061**	**26,741**	**191,854**
Additions	33	7,648	8,604	120	15,303	31,708
Disposals	-61	-1,613	-3,738	-825	-4	-6,241
Reclassifications	-	14,738	2,688	2,085	-24,044	-4,533
Translation differences	8	144	16	5	8	182
Cost at Dec 31, 2023	**2,714**	**82,158**	**102,648**	**7,446**	**18,004**	**212,970**
Accumulated depreciation and impairment at Jan 1, 2023	**-**	**-39,870**	**-71,297**	**-4,412**	**-**	**-115,579**
Depreciation	-	-1,503	-3,523	-358	-	-5,385
Accumulated depreciation of disposals and reclassifications	-	1,272	3,738	538	-	5,548
Impairment	-	-	-35	-	-	-35
Translation differences	-	-28	21	-3	-	-10
Accumulated depreciation and impairment at Dec 31, 2023	**-**	**-40,130**	**-71,096**	**-4,235**	**-**	**-115,462**
Carrying value at Jan 1, 2023	**2,734**	**21,370**	**23,781**	**1,650**	**26,741**	**76,275**
Carrying value at Dec 31, 2023	**2,714**	**42,028**	**31,551**	**3,211**	**18,004**	**97,508**

EUR thousand	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Cost at Jan 1, 2022	**2,730**	**65,881**	**93,572**	**6,661**	**6,797**	**175,642**
Additions	81	435	4,803	34	21,267	26,621
Disposals	-84	-5,542	-3,996	-706	12	-10,316
Reclassifications	-	490	685	73	-1,329	-80
Translation differences	7	-24	15	-1	-8	-11
Cost at Dec 31, 2022	**2,734**	**61,241**	**95,078**	**6,061**	**26,741**	**191,854**
Accumulated depreciation and impairment at Jan 1, 2022	**-**	**-44,186**	**-71,252**	**-5,063**	**-**	**-120,500**
Depreciation	-	-1,063	-3,523	-215	-	-4,801
Accumulated depreciation of disposals and reclassifications	-	5,397	3,542	866	-	9,806
Impairment	-	-23	-54	-	-	-77
Translation differences	-	4	-11	0	-	-6
Accumulated depreciation and impairment at Dec 31, 2022	**-**	**-39,870**	**-71,297**	**-4,412**	**-**	**-115,579**
Carrying value at Jan 1, 2022	**2,730**	**21,696**	**22,321**	**1,598**	**6,797**	**55,142**
Carrying value at Dec 31, 2022	**2,734**	**21,370**	**23,781**	**1,650**	**26,741**	**76,275**

Other tangible assets comprise the Mäntsäläntie industrial area's stormwater system (EUR 1.3 million), and district heating network (EUR 0.5 million) which were taken into use during the reporting period, and in addition amongst others, constructions of roads, parking and warehouse areas and an art collection.

The increases during the financial period amounted to EUR 31.7 (26.6) million and were mainly related to the construction of the new sawmill in Järvelä. At the end of the financial period, advance payments and work in progress included EUR 11.3 million related to the new sawmill, and investments of EUR 27.9 million related to this were completed during the financial year.

Other significant investments during the financial period are a spindleless lathe (EUR 2.0 million), as well as a solar power plant in Järvelä (EUR 1.3 million).

The additions during 2022 were mainly related to the new sawmill in Järvelä. Advance payments and construction in progress included EUR 21.6 million related to the construction of the new sawmill, of which the additions in 2022 amount to EUR 15.8 million. The additions to machinery and equipment consisted mainly of a stick stacker to the new sawmill (EUR 3.3 million).

ACCOUNTING POLICY

Land is recognised in property, plant and equipment at cost. Other property, plant and equipment is recognised at cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

The estimated useful economic lives of property, plant and equipment are

• Buildings and structures	10–50 years
• Machinery and equipment	5–15 years
• Other tangible assets	5–10 years

The residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Impairment
Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The assets are tested at the cash generating unit (CGU) level, which is represents the lowest level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

13. Forest assets

Koskisen owns 781 hectares of forests land in Southern Finland at the end of the reporting period. The value of the forest assets, i.e. standing trees, is EUR 3.6 million as at 31 December 2023 (31 December 2022: EUR 2.7 million).

FOREST ASSETS

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Carrying value, at Jan 1	**2,731**	**2,750**
Gain (loss) arising from changes in fair value	870	-19
Decreases due to sales	-2	-
Carrying value, at Dec 31	**3,599**	**2,731**

Koskisen uses forest certification and all of its own forests are certified by the Programme for the Endorsement of Forest Certification (PEFC). PEFC sets requirements for the monitoring of certified wood raw materials and wood products in supply chains. In addition, the certification requires safeguarding the diversity of forests, maintaining the health and growth of forests and the use of the forests for recreational use.

ACCOUNTING POLICY

The forest land is divided into the forest assets i.e. standing trees and land. Forest assets are recognised at fair value less cost to sell. Land is recognised at cost and presented in property plant and equipment.

The fair value of forest assets is calculated using the sum value method, in which the values of the soil base, saplings and standing trees are valuated separately and the total value is adjusted based on the special characteristics of the forests. The fair value of forest assets is classified as level 3 in the fair value hierarchy due to the use of the unobservable inputs, for example wood growth. Changes in the fair value of the forest assets is recognised in the operating profit (loss) in the statement of comprehensive income.

KEY ESTIMATES AND JUDGEMENTS

Valuation of forest assets

The valuation of forest assets is a complicated process and requires several management estimates and judgement on assumptions that have a significant impact on the value of the forest assets presented on the balance sheet. Factors requiring management estimates include estimates on wood growth, analysing the appropriateness of harvesting and stumpage prices and management review of the valuation related data provided by third-party service providers. Stumpage prices used in the calculations are based on prices from third-party valuation service providers and have been compared to Finnish statistical database prices.

14. Leases

Koskisen's lease contracts comprise leases of real estates, including offices, apartments, warehouses and land areas, production machinery and equipment, cars and leases of other machinery and equipment, such as IT equipment. The lease terms are fixed or valid until further notice and may include extension or termination options. The lease contracts may include index clauses, which are typically based on the consumer price index. These are not included in the measurement of lease liability until they realise.

In addition, Koskisen has entered into an agreement for heat energy supply which includes a lease contract for power plants. Koskisen has right to receive substantially all the economic benefits from the use of the power plants. The agreement includes an option based on which at the end of the 15 years agreement period, or in case of a breaching event, Koskisen has the right and obligation, if the other party requires, to redeem the power plants for itself or for a third party. Due to restructuring the lease agreement during 2022 Koskisen received a payment of EUR 3.0 million which was recognised as decrease to the right-of-use assets.

Koskisen also has an agreement for sawn timber manufacturing. All payments for the agreement are variable, and therefore not included in the measurement of the lease liability but are recognised as cost in the statement of comprehensive income as incurred.

The balance sheet shows the following amounts relating to leases:

EUR thousand	Dec 31, 2023	Dec 31, 2022
Right-of-use assets		
Power plants	18,751	19,822
Machinery and equipment	6,891	2,274
Land and water areas	229	278
Buildings	289	328
Total	**26,159**	**22,702**
Lease liabilities		
Non-current	23,857	25,294
Current	2,132	2,015
Total	**25,989**	**27,309**

	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Additions to the right-of-use assets during the financial year	1,636	1,022

The statement of comprehensive income shows the following amounts relating to leases:

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Depreciation charge of right-of-use assets		
Power plants	1,589	1,658
Machinery and equipment	1,191	1,265
Land and water areas	49	49
Buildings	138	81
Total	**2,967**	**3,053**
Interest expense	2,079	2,254

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Expense relating to short-term leases[1]	8	14
Expense relating to leases of low value assets that are not short-term leases[1]	361	345
Expenses relating to variable lease payments not included in lease liabilities[1]	0	1,466

[1] Included in other operating expenses

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
The total cash flow for leases in the financial year	5,607	7,326

The maturity of the lease liabilities is presented in note 3: Financial risk and capital management.

ACCOUNTING POLICY

At the contract inception, Koskisen assesses whether the arrangement is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Koskisen recognises a right-of-use asset and a corresponding lease liability at contract commencement for leases where it is a lessor. The contract commencement date is the date on which the asset is available for use by the lessee.

Koskisen measures the lease liability at the commencement by discounting the future lease payments to their present value. The lease payments include fixed payments, variable lease payments based on an index or a rate, residual value guarantees, which are expected to be payable by Koskisen and the exercise price of a purchase option, if Koskisen is reasonably certain to exercise the option. Penalties for terminating the lease are included in the lease liability measurement if the lease term reflects that Koskisen will use the termination option.

Koskisen discounts lease payments using the interest rate implicit in the lease. If that rate cannot be readily determined, Koskisen uses the incremental borrowing rate, i.e. the rate that Koskisen would have to pay to borrow over a similar term, and with a similar security to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Interest expense on lease liabilities is presented in the cash flow from operating activities.

After the lease commencement, lease liability is measured at amortised cost using the effective interest method. Lease liability is remeasured, when the lease payments change due to, for example, index change, exercising of option included in the lease are reassessed or to reflect other lease modifications.

Right-of-use assets are measured at cost comprising the initial amount of the lease liability, any lease payments made at or before the contract commencement, any initial direct costs and restoration costs. Right-of-use assets are depreciated using the straight-line method over the shorter of the asset's useful life and lease term. If Koskisen is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the asset's useful life.

Koskisen applies the short-term and low value asset exemptions provided by the standard. Short-term leases are leases with a lease term of 12 months or less. Low value assets include, among others, bicycles and ICT equipment. Lease payments associated with those leases are recognised as an expense on a straight-line basis. Koskisen does not separate non-lease components from lease components in the sawmill lease.

Koskisen has minor activities as a lessor by leasing its land areas and apartments. Koskisen classifies all of its leases as operating leases as the leases do not transfer substantially all of the risks and rewards incidental to ownership of an underlying assets.

KEY ESTIMATES AND JUDGEMENTS

Embedded leases

Koskisen has agreements for heat energy supply and sawn timber manufacturing for which management has assessed whether the agreements include a lease. When the agreements include an identified asset and Koskisen utilises substantially all of the capacity of the assets and therefore obtains substantially all of the economic benefits from the use of the assets, and if Koskisen also has right to direct the use of the asset for a period of time, Koskisen accounts the arrangement as a lease. In some arrangements all the payments for a lease are variable, not dependent on index or a rate, and not in-substance fixed. Accordingly, for such arrangements no lease liability nor right-of-use asset has been recognised in the balance sheet.

Lease term determination

Koskisen assesses the lease term on a lease-by-lease basis based on the contractual obligations, economic incentives, and nature of the asset. Koskisen's lease contracts include contracts with fixed lease terms, extension and termination options and contracts that are valid until further notice.

If the contract contains a fixed lease term without option to extend or to terminate the lease, the lease term is set based on the fixed lease term. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

If the lease term is not stated clearly in the contract, or will continue in perpetuity until further notice, management assesses the enforceable period of the lease based on the contractual terms and reasonable certainty. In case there are no significant penalties involved in contracts where the lease term in not stated clearly or continues until further notice, the Group determines the lease term on a lease-by-lease basis reflecting the Group's need for the underlying asset and its strategic planning period of five years.

The lease term is reassessed if a significant event or change in circumstances occurs.

Incremental borrowing rate determination

The incremental borrowing rate is determined based on recent third-party financing agreements as a starting point, adjusted to reflect the lease term, credit risk for leases, the leased asset and changes in financing conditions and operating environment since third-party financing was received.

15. Intangible assets

EUR thousand	Softwares	Advance payments and work in progress	Total
Cost at Jan 1, 2023	**3,415**	**290**	**3,705**
Translation differences	6	-	6
Additions	389	30	419
Disposals	-662	-	-662
Reclassifications	473	-290	183
Cost at Dec 31, 2023	**3,622**	**30**	**3,652**
Accumulated amortisation and impairment at Jan 1, 2023	**-2,782**	**-**	**-2,782**
Translation differences	-4		-4
Accumulated amortisation of disposals and reclassifications	662	-	662
Amortisation	-220	-	-220
Accumulated amortisation and impairment at Dec 31, 2023	**-2,344**	**-**	**-2,344**
Carrying value at Jan 1, 2023	**633**	**290**	**923**
Carrying value at Dec 31, 2023	**1,278**	**30**	**1,308**

EUR thousand	Softwares	Advance payments and work in progress	Total
Cost at Jan 1, 2022	**3,185**	**160**	**3,345**
Additions	100	275	374
Disposals	-94	-	-94
Reclassifications	225	-144	80
Cost at Dec 31, 2022	**3,415**	**290**	**3,705**
Accumulated amortisation and impairment at Jan 1, 2022	**-2,726**	**-**	**-2,726**
Cumulative amortisation on disposals and reclassifications	95		95
Amortisation	-152	-	-152
Accumulated amortisation and impairment at Dec 31, 2022	**-2,782**	**-**	**-2,782**
Carrying value at Jan 1, 2022	**459**	**160**	**619**
Carrying value at Dec 31, 2022	**633**	**290**	**923**

ACCOUNTING POLICY

Software-related costs

Software costs are recognised as an asset if Koskisen has control over the underlying asset, at historical cost less accumulated amortisation and impairment losses. Amortisations are calculated on a straight-line method over the useful economic lives of the assets which is five years.

The assets' useful lives and amortisation methods are reviewed at minimum at the end of each reporting period and adjusted, if appropriate, to reflect changes in the expected economic benefits. The amortisation of intangible assets is commenced when the asset is ready for its intended use.

Impairments are presented in note 12: Property, plant and equipment.

16. Inventories

EUR thousand	Dec 31, 2023	Dec 31, 2022
Raw materials	22,534	20,111
Work in progress	4,824	4,019
Finished goods	10,185	10,044
Total	**37,544**	**34,174**

Write-downs of slow-moving inventories to net realisable value amounted to EUR 288 thousand in 2023 (2022: EUR 98 thousand). These were recognised as an expense during the financial year and included in changes in inventories of finished goods and work in progress in the statement of comprehensive income. The Group reversed EUR 98 thousand of a previous inventory write-down in 2023, based on the Group's assessment of the net realisable values (2022: EUR 12 thousand). The amount reversed has been included in changes in inventories of finished goods and work in progress in the statement of comprehensive income.

ACCOUNTING POLICY

Inventories are stated at the lower of cost and net realisable value, the cost being determined by the weighted average cost method. The cost comprises raw materials, direct labour, depreciation and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

A valuation allowance is made for old, slow-moving inventories based on the management's best estimate of the expected net realisable value at the end of the reporting period.

17. Other receivables

EUR thousand	Dec 31, 2023	Dec 31, 2022
Non-current assets		
Accruals of financial expenses	11	79
Total	**11**	**79**
Current assets		
Advances of purchases of logs	3,731	2,273
VAT receivables	2,090	2,831
Other receivables	1,242	1,133
Other accrued income on expenses	3,365	3,297
Total	**10,427**	**9,534**
Other receivables total	**10,439**	**9,613**

18. Equity

EUR thousand	Total number of shares outstanding (pcs)	Treasury shares (pcs)	Total number of issued shares (pcs)	Share capital	Reserve for invested unrestricted equity
Jan 1, 2022	630	-	630	1,512	-
Free share issue (split)	6,299,370	-	6,299,370	-	-
Share issue (merger)	2,532,294	-	2,532,294	-	43,252
Directed share issue, personnel[1]	57,509	-	57,509	-	345
Free share issue (split)	8,889,803	-	8,889,803	-	-
Listing share issue	5,223,053	-	5,223,053	-	30,246
Dec 31, 2022	23,002,659	-	23,002,659	1,512	73,843
Directed share issue without consideration, management[1]	9,000	-	9,000	-	-
Acquisition of treasury shares	-1,086	1,086	-	-	-
Dec 31, 2023	**23,010,573**	**1,086**	**23,011,659**	**1,512**	**73,843**

[1] Additional information in note 7: Share-based incentive plans.

SHARE CAPITAL

Koskisen Corporation has one series of shares, and all shares are equally entitled to dividends. One share carries one vote at the general meeting.

Koskisen carried out a free share issue (split) approved by the annual general meeting on 26 April 2022. The shares were entered in the share register on 31 May 2022. The shareholders were issued 9,999 shares for each old share. The total number of shares increased retrospectively to 6,300,000 shares.

Koskisen Oy, a subsidiary of Koskitukki Oy, merged with Koskitukki Oy on 31 May 2022. After the merger, Koskitukki Oy's name was changed to Koskisen Oy. In the merger, all the assets and liabilities of the merging company were transferred to the company receiving the liquidation procedure. In connection with the merger, the minority shareholders of Koskisen Oy became shareholders of Koskitukki Oy. Non-controlling shareholders were given 2,532,294 new shares of the receiving company as merger consideration. The shares were valued at fair value, which was EUR 17.08 per share. The number of shares to be given as consideration has been calculated based on the mutual valuation of the shares of the merging company and the receiving company.

Koskisen carried out a free share issue (split) approved by the extraordinary general meeting on 31 October 2022. The shares were entered in the share register on 11 November 2022. The total number of Koskisen's shares increased to 17,779,606 shares as shareholders were issued one new share for each old share.

The free share issues did not impact the company's share capital or capital structure.

Trading in Koskisen Corporation shares began on 1 December 2022. In the initial public offering, 5,223,053 new shares were issued and the total number of shares in the company after the initial public offering was 23,002,659 shares. The new shares were registered in the Trade Register on 30 November 2022. Koskisen received gross proceeds of EUR 32 million from the IPO, which were recognised in the reserve for invested non-restricted equity. The company's listing costs amounted to EUR 4.1 million. Of these, listing expenses recognised in equity were

EUR 2.2 million less the tax impact of EUR 0.4 million and expenses recognised in profit or loss were EUR 1.8 million.

On 7 February 2023, Koskisen Corporation's Board of Directors decided on a directed share issue without consideration to the company's CEO and CFO as part of the remuneration of management pursuant to the authorisation granted by the Extraordinary General Meeting of 31 October 2022. The issued shares were registered in the Trade Register on 16 February 2023. The total number of shares increased to 23,011,659 shares when in total 9,000 new shares were issued to the CEO and CFO. The value of the first instalment of the remuneration to the CEO for the completion of the IPO corresponds to 12,000 shares, half of which was paid in cash to cover withholding tax. The value of the first instalment of the remuneration to Koskisen's CFO corresponds to 6,000 shares, half of which was paid in cash to cover withholding tax. The share issue without consideration did not impact the company's share capital or capital structure.

Koskisen Corporation acquired on 5 July 2023 a total of 1,086 shares of Koskisen Corporation in accordance with the terms of the minority shareholders' agreement with EUR 3.00 per share purchase price. Originally, the shares were subscribed in the personnel offering carried out in September 2022. In accordance with the terms of the minority shareholders' agreement, ownership of the shares issued in the personnel offering requires a valid employment relationship with the company. After the share acquisition, Koskisen Corporation holds 1,086 treasury shares.

LEGAL RESERVE

The legal reserve comprises the amounts transferred from distributable funds under the articles of association or by decision of the general meeting.

RESERVE FOR INVESTED UNRESTRICTED EQUITY

The subscription prices of new shares, as well as other equity investments, are recognised in the reserve for invested unrestricted equity, unless these are recognised in full or in part in share capital according to a specific decision.

TREASURY SHARES

The acquisition cost of treasury shares held by the Group is presented in equity as a separate reserve that reduces the unrestricted equity.

TRANSLATION DIFFERENCES

Translation differences arising from the translation of the financial statements of foreign subsidiaries are recognised in the other comprehensive income and accrued in a separate equity reserve. The cumulative amount of translation differences is recognised in the consolidated statement of comprehensive income on the disposal of the net investment.

19. Earnings per share

	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Earnings per share		
Profit (loss) for the period attributable to the owners of the parent company (EUR)	20,230,125	39,745,676
Weighted average number of shares outstanding during the period	23,010,189	16,043,440
Diluted weighted average number of shares outstanding during the period	23,182,729	16,069,899
Basic earnings per share (EUR)	**0.88**	**2.48**
Diluted earnings per share (EUR)	**0.87**	**2.47**

ACCOUNTING POLICY

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of ordinary shares outstanding during the financial period. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into consideration the Group's potential commitment to issue new shares in the future.

20. Financial assets and liabilities

FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

EUR thousand	Fair value hierarchy level	Dec 31, 2023	Dec 31, 2022
Financial assets measured at amortised cost			
Trade receivables	-	23,365	25,541
Deposits[1]	-	20,000	-
Cash and cash equivalents	-	35,771	74,527
Total financial assets measured at amortised cost		**79,136**	**100,068**
Financial assets measured at fair value through profit or loss			
Money market funds	1	-	9,892
Capital redemption contracts	1	10,625	-
Derivatives	2	947	1,528
Other assets measured at fair value through profit or loss	3	14	223
Total financial assets measured at fair value through profit or loss		**11,585**	**11,644**
Financial liabilities measured at amortised cost			
Loans from financial institutions	2	37,711	28,650
Lease liabilities	-	25,989	27,309
Trade payables	-	25,411	32,263
Trade payables, payment system	-	7,396	7,316
Total financial liabilities measured at amortised cost		**96,507**	**95,538**

[1] Time deposits with a maturity of over three months

The fair value of the loans from financial institutions on 31 December 2023 was EUR 37.7 million (31 December 2022: EUR 29.1 million). The fair value of the loans has been determined by discounting the future cash flows at the estimated market interest rate at the time of reporting. The company has estimated that the contractual interest rate of the loans is reasonably close to the market interest rate and has not made an adjustment to the discount rate at which the fair values are determined, in which case the fair values of the loans correspond to their nominal value. Since the company's loans from financial institutions have variable interest rates, the rise in market interest rates during the period has been directly reflected in the group's interest expenses and has therefore not affected the fair value of the loans. Fair values of loans from financial institutions are classified in level 2 in the fair value hierarchy.

The fair value of derivatives is estimated based on the present value of future cash flows, using market prices on the valuation date, and the fair value of fund investments and capital redemption contracts is estimated on the basis of counterparty quotes. Changes in the fair value of derivatives, fund investments and capital redemption contracts are recognised in financial income and expenses. The most significant part of the changes in the fair value arises from derivatives, and they are mainly due to changes in market interest rates during the reporting period. The group's open USD balance position at the time of closing on 31 December 2023 mainly consisted of trade receivables and a bank account, totalling EUR 4.3 million (31 December 2022: EUR 5.2 million). The nominal value of the hedging open futures on the reporting date is EUR 2.4 million (31 December 2022: EUR 2.4 million).

THE HIERARCHY LEVELS ARE AS FOLLOWS:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

RECONCILIATION OF FINANCIAL LIABILITIES

EUR thousand	Borrowings	Lease liabilities	Total
Jan 1, 2022	44,831	29,732	74,563
Cash flows from financing			
Proceeds from borrowings	29,000	-	29,000
Repayments of borrowings	-43,988	-3,445	-47,433
Other changes			
Exportkredit loan[1]	3,846	-	3,846
New leases	-	1,022	1,022
Interest paid[2, 3] and interest expense	-5,039	-	-5,039
Dec 31, 2022	**28,650**	**27,309**	**55,959**
Cash flows from financing			
Proceeds from borrowings	-	-	-
Repayments of borrowings	-4,500	-3,165	-7,665
Other changes			
Exportkredit and Kredex loan[1]	13,360	-	13,360
New leases	-	1,845	1,845
Effect of applying the effective interest rate[1]	200	-	200
Dec 31, 2023	**37,711**	**25,989**	**63,700**

[1] No cash flow impact
[2] Included in the Net cash flow from operating activities
[3] During period 2022 interest of capital loan EUR 5.8 million was paid.

CHANGES IN FINANCIAL LIABILITIES

Koskinen has three loans under the financing agreement, a term loan of EUR 19.0 million, a term loan of EUR 10.0 million and a standby credit of EUR 8.0 million, which is intended to finance the group's general working capital requirements. The loans have been withdrawn in full at the time of the reporting. EUR 7.9 million of the standby credit remains undrawn.

The financing agreement is valid for four years until year 2026. The financing agreement includes the usual financial covenant and default terms. Financial covenants are measured every six months on a rolling basis for the past 12 months and are calculated from the Koskisen Group's financial information prepared in accordance with FAS. The interest on the loans is tied to the six-month Euribor, and they also have a margin, the level of which depends on the ratio of net debt to EBITDA.

Loans related to the financing package for the new sawmill have been withdrawn to the amount of EUR 18.4 million on the closing date, and EUR 1.4 million remains to be withdrawn. The loans will mature between 2029 and 2031. The interest rates on the loans are tied to the 6-month Euribor rate and the margins are fixed.

Koskisen's loans from financial institutions expose the group's cash flow to interest rate risk, the importance of which has been emphasised during the period as market interest rates have risen considerably. There have been no changes in Koskisen's interest rate risk hedging policy, but the Group's management constantly evaluates the amount of open risk and the need for additional hedging. Koskisen has interest rate swaps with a total nominal value of EUR 30 million. The changes in the fair value of the interest rate swaps net out the profit effects of the loan's interest rate changes, protecting the group from interest rate risk, even though they are not one-to-one with the group's financial institution loans. The interest rate swap agreements are valid until 2025.

The Group's exposure to various risks associated with the financial instruments is discussed in the note 3: Financial risk and capital management. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

ACCOUNTING POLICY

The Group's financial assets comprise trade receivables, money market funds, capital redemption contracts, deposits and cash and cash equivalents. Money market funds and capital redemption contracts are classified as financial assets at fair value through profit or loss and trade receivables, deposits and cash and cash equivalents are classified as financial assets measured at amortised cost, as assets are for collection of contractual cash flows, where those cash flows represent solely payment of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income and presented in other operating expenses.

Money market funds

Koskisen has invested in money market securities. The money market funds are measured at fair value through profit or loss as they don't meet the solely payments of principal and interest (SPPI) test under IFRS 9 Financial instruments.

Capital redemption contracts

Koskisen has invested in capital redemption contracts. These contracts are measured at fair value through profit or loss as they don't meet the solely payments of principal and interest (SPPI) test under IFRS 9 Financial instruments.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The Group has entered into interest rate swap contracts and foreign currency forward contracts for hedging purposes, even though hedge accounting, as specified under IFRS, is not applied. The fair value of derivatives is estimated based on the present value of future cash flows using market prices on the measurement date.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details on the Group's impairment policies and the calculation of the loss allowance are provided in note 3: Financial risk and capital management.

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

Deposits

Time deposits with a maturity of more than three months are presented in deposits.

Cash and cash equivalents

Cash and cash equivalents presented in the balance sheet and cash flow statement consist of cash at bank and in hand. Any utilised credit limits are presented as current liabilities. Credit limits are a part of the liquidity management. Liquidity risk and its management is described in note 3: Financial risk and capital management.

Impairment of financial assets

For trade receivables and contract assets Koskisen applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables have been grouped based on aging category. The expected loss rates are based on the actual performance over the comparison period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The factors considered include, but are not limited to, customers' previous payment behaviour, available forecasts and their possible impact on the credit rating and payment behaviour of customers, as well as possible securities and credit insurances.

Receivables are derecognised as final credit losses when their payment cannot be reasonable expected. Indications that the payment cannot be reasonably expected include, unsuccessful collection efforts, bankruptcy notification etc.

Credit risk arising from financial assets, management of credit risk and the provision matrix of trade receivables are presented in note 3: Financial risk and capital management.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade payables
Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. The carrying amount of trade payables is considered to equal their fair value due to their short maturity.

Trade payables, payment system
Koskisen provides, as part of its wood procurement process, a possibility for the seller to deposit the transaction price or part of the transaction price received from the sale of logs to Koskisen. Fixed interest rate is offered varying according to the length of the deposit period. The length of the deposit varies between one and three years. However, the seller has a right to withdraw the deposit whenever with a 45 days' notice period. These payment system trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. Due to the right to withdraw the deposit the payables are presented as current on the balance sheet. The carrying amount of the payment system trade payables is considered to equal their fair value due to their short maturity.

21. Provisions

EUR thousand	Environmental provisions	Others	Total
Jan 1, 2023	100	20	120
Increase	132	-	132
Used during the year	-47	-20	-67
Dec 31, 2023	**185**	**-**	**185**
Non-current	150	-	150
Current	35	-	35
Total	**185**	**-**	**185**

EUR thousand	Environmental provisions	Others	Total
Jan 1, 2022	120	-	120
Increase	-	20	20
Used during the year	-20	-	-20
Dec 31, 2022	**100**	**20**	**120**
Non-current	100	-	100
Current	-	20	20
Total	**100**	**20**	**120**

Koskisen has a provision to cover costs estimated still to incur from the cleaning of groundwater. As a consequence of the 1976 fire at the sawmill, a significant amount of chlorophenol ended up in groundwater around the factory. The Group has since committed funds to clean the contaminated ground and groundwater. Currently the chlorophenol content has been lowered to low levels, but Koskisen will continue the cleaning and monitoring work for some years to come. The progress of the cleaning and the necessary measures are evaluated annually in cooperation with the environmental authorities and groundwater experts.

ACCOUNTING POLICY

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are presented as current liabilities if amounts are expected to be settled within 12 months from the end of the reporting period. Otherwise provisions are presented as non-current liabilities.

KEY ESTIMATES AND JUDGEMENTS

Estimation of the amount and timing of the provision

An estimate of the financial impact of a past event requires judgement from the management. Koskisen's management has estimated that the groundwater cleaning will continue for another about 5 years. The expected costs have been estimated based on the historical costs and knowledge of similar events. The provision amounts are reviewed regularly and adjusted as necessary to reflect the best estimate at the end of the reporting period. Actual expenses may differ from the estimates.

22. Other payables

EUR thousand	Dec 31, 2023	Dec 31, 2022
Current liabilities		
Accrued employee expenses	8,856	10,051
Payroll tax liabilities	1,840	2,008
Subcontractor accruals	2,721	2,730
Accrued listing costs	-	1,765
VAT liabilities	-	338
Interest liabilities	106	466
Other liabilities	471	692
Other accrued liabilities	1,817	1,452
Total	**15,811**	**19,501**
Other liabilities total	**15,811**	**19,501**

23. Group structure

Subsidiaries belonging to the Group as at 31 December 2023 are presented in the following table:

Subsidiary	Country of incorporation	Group ownership % Dec 31, 2023	Group ownership % Dec 31, 2022
Kosava-Kiinteistöt Oy	Finland	100%	100%
Koskisen Sp z.o.o	Poland	100%	100%
OOO Koskiles	Russia	0%	100%

The liquidation process of OOO Koskiles, Koskisen's logistics and wood supply company operating in Russia, was completed in November 2023, after which the group has no operations in Russia. The costs related to the liquidation of the company were not significant.

ACCOUNTING POLICY

Subsidiaries are companies in which the Group has control. The Group has controlling power in a company when, by being part of it, it is exposed to its variable return or is entitled to variable return and it is able to influence this return by using its power over the company to direct its operations. Subsidiaries are combined in the consolidated financial statements in their entirety from the day the Group acquires control over them. The merger is terminated when control ceases.

Transactions between Group companies, including internal receivables and payables, income and expenses and unrealised profits, are eliminated. Unrealised losses are also eliminated, unless the transaction gives indications of a decrease in the value of the transferred asset.

24. Related party transactions

Koskisen's related parties consists of the members of Board of Directors, the chief executive officer (CEO), members of the Executive Board and shareholders with significant influence over the company. The related parties also include the close family members of these aforementioned individuals and entities in which these individuals have either control or joint control.

COMPENSATION AND REMUNERATION TO THE MEMBERS OF THE EXECUTIVE BOARD AND BOARD OF DIRECTORS

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
CEO		
Wages and salaries and other short-term employee benefits	690	581
Pension costs – defined contribution plans	120	43
Total	**810**	**624**
Management Team		
Wages and salaries and other short-term employee benefits	1,126	925
Pension costs – defined contribution plans	94	78
Total	**1,220**	**1,003**
Board of Directors		
Wages and salaries and other short-term employee benefits	268	274
Pension costs – defined contribution plans	6	7
Total	**274**	**280**
Total remuneration of the management and Board of Directors	**2,305**	**1,907**

The CEO may receive a performance bonus amounting to a maximum of 48 per cent of the annual salary. The amount of the performance bonus depends on the annual targets. The CEO's period of notice is six months, and the severance pay equals six months' salary. The CEO has an additional pension arrangement, the annual fee of which is an amount equivalent to two months' fixed salary. The fixed salary consists of a basic salary and fringe benefits. The supplementary pension is a defined contribution plan, so no liability for it has been recognised on the balance sheet. Based on the supplementary pension agreement, the CEO may retire at the age of 65. One member of the Executive Board and one member of the Board of Directors also have a voluntary pension plan. No other special conditions concerning retirement or the amount of pension have been agreed upon. The statutory pension expense of the CEO and Executive Board for the financial year 2023 amounted to EUR 146 thousand (2022: EUR 113 thousand). The Board of Directors' fees do not include statutory retirement obligation.

During the financial period 2022 Koskisen established share-based incentive programs for its key employees and key management. Employees eligible for the incentive programs can receive a maximum of 398,000 shares (gross amount) if the terms of the programs are met. In the financial period, EUR 540 thousand were recognised as expenses for the share-based incentive programs related to related parties. Of this, EUR 462 thousand were recognised in equity and EUR 72 thousand were recognised in current other liabilities. In addition, some of the members of the management team who are related parties have participated in Koskisen's personnel offering. The impact of the personnel offering is immaterial. More detailed information on the share-based incentive plans is presented in note 7: Share-based incentive plans.

SHAREHOLDING OF THE KEY MANAGEMENT PERSONNEL

EUR thousand	Dec 31, 2023	Dec 31, 2022
Board of Directors, CEO and Executive Board		
Common shares (pcs)	6,785,781	7,281,704
Shareholding, %	29%	32%
Total number of shares outstanding (pcs)	**23,010,573**	**23,002,659**

Additional information about changes in shares in note 18: Equity.

On 31 December 2023, the members of the Board of Directors, CEO and Executive Board held altogether 6,785,781 shares. The figures include the holdings of their own, close family members and control entities. During the financial year no loans have been granted to the Group's management. No pledges have been given or other commitments made on behalf of the company's management and shareholders.

RELATED PARTY TRANSACTIONS

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Shareholders with significant influence[1]		
Wages, salaries and pension costs	-86	-439
Lease income	-	2
Income from sale of property, plant and equipment	881	400
Interest expense	-	-304
Total	**794**	**-341**

[1] Includes shareholders with more than 10% ownership and their close family members

During the financial period, the company sold a property with movables and two cars to a member of the Board of Directors belonging to the company's related parties. The sales prices were based on external estimates.

25. Contingent liabilities and commitments

EUR thousand	Dec 31, 2023	Dec 31, 2022
Liabilities for which collaterals have been given		
Loans from financial institutions	20,500	25,000
Account and guarantee limits in use at the balance sheet date		
Account limit	-	-
Guarantee limit	83	267
Mortgages		
Real estate mortgages	307,200	307,200
Company mortgages	181,551	181,551
Guarantees		
Advance payment, delivery, etc. guarantees	83	267

Koskisen has committed to a total of EUR 17,6 million in payments related to investments. The commitments are mainly related to the new sawmill and logyard in Järvelä.

LEGAL DISPUTES

As at 31 December 2023, there were no significant on-going legal disputes (31 December 2022: no significant legal disputes).

ACCOUNTING POLICY

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A present obligation is considered as contingent liability when it is not probable that an outflow of resources is required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

26. New standards

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

27. Events after the balance sheet date

On 16 February 2024 Koskisen Corporation's Board of Directors decided on a free share issue directed to the company's CEO and CFO as part of management remuneration based on the authorisation given by the extraordinary general meeting on 31 October 2022. The issued shares were registered in the trade register on 28 February 2024. The total number of shares increased to 23,025,159 shares when the CEO and CFO were given 13,500 new shares. The value of the second instalment of the fee related to the completion of the listing to Koskisen's CEO corresponds to 18,000 shares, half of which is paid in cash to cover the withholding tax. The value of the second instalment of the bonus to Koskisen's CFO corresponds to 9,000 shares, half of which is paid in cash to cover the withholding tax.

Parent Company's Financial Statements (FAS)

Income statement

1 EUR	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
REVENUE	**260,819,102.99**	**227,616,416.16**
Change in inventories of finished goods and work in progress	978,557.83	-2,061,764.72
Production for own use	222,508.51	346,394.60
Other operating income	7,844,343.83	69,860,178.62
Materials and services		
Materials, supplies, goods		
Purchases during the period	-121,338,113.32	-106,593,303.03
Increase / decrease in inventories	2,678,027.71	-3,770,054.81
Materials, supplies, goods	**-118,660,085.61**	**-110,363,357.84**
External services	-36,439,331.43	-29,707,855.40
Materials and services	**-155,099,417.04**	**-140,071,213.24**
Personnel expenses		
Wages and salaries	-35,896,406.51	-21,763,228.06
Pension costs	-5,760,441.58	-4,323,566.93
Other social security costs	-1,818,530.63	-1,194,532.53
Personnel expenses	**-43,475,378.72**	**-27,281,327.52**
Depreciation, amortisation and impairment		
Depreciation and amortisation	-5,535,553.10	-2,934,357.72
Impairment on non-current assets	-35,186.90	-8,852.01
Depreciation, amortisation and impairment	**-5,570,740.00**	**-2,943,209.73**
Other operating expenses	-43,823,570.21	-34,997,502.56
OPERATING PROFIT (LOSS)	**21,895,407.19**	**90,467,971.61**

1 EUR	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Finance income and expense		
Income from investments	967.50	-
Other interest and financial income		
From group undertakings	111,355.38	146,724.88
From others	3,882,186.09	1,939,611.42
Impairment on investments held as non-current assets	-	-130,348.08
Interest expenses and other financial expenses		
To group undertakings	-18,571.80	-316,369.64
To others	-3,115,508.33	-14,238,449.09
Finance income and expense	**860,428.84**	**-12,598,830.51**
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	**22,755,836.03**	**77,869,141.10**
Appropriations		
Change in cumulative accelerated depreciation	-7,731,772.21	-3,182,457.13
Appropriations	**-7,731,772.21**	**-3,182,457.13**
Income taxes		
Taxes for current and prior periods	-1,791,620.48	-2,665,093.42
Deferred tax	0.00	-137,989.65
Income taxes	**-1,791,620.48**	**-2,803,083.07**
PROFIT (LOSS) FOR THE PERIOD	**13,232,443.34**	**71,883,600.90**

Balance sheet

1 EUR	Dec 31, 2023	Dec 31, 2022
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Other intangible assets	1,582,538.12	1,082,300.41
Advance payments	29,832.00	289,934.75
Intangible assets	**1,612,370.12**	**1,372,235.16**
Tangible assets		
Land and water areas	6,138,146.05	6,167,761.17
Buildings and structures	38,987,993.97	19,744,679.88
Machinery and equipment	30,469,451.67	23,498,607.18
Other tangible assets	3,183,132.02	1,620,178.42
Advance payments and work in progress	17,042,567.61	25,305,947.08
Tangible assets	**95,821,291.32**	**76,337,173.73**
Investments		
Investments in Group companies	365,736.77	365,736.77
Other shares and equity interests	223,172.42	223,172.42
Other receivables	10,060,606.00	-
Investments	**10,649,515.19**	**588,909.19**
NON-CURRENT ASSETS	**108,083,176.63**	**78,298,318.08**
CURRENT ASSETS		
Inventories		
Materials and supplies	21,595,595.50	18,917,567.79
Work in progress	4,821,951.03	4,014,933.72
Finished goods	9,863,618.12	9,692,077.60
Inventories	**36,281,164.65**	**32,624,579.11**

1 EUR	Dec 31, 2023	Dec 31, 2022
Receivables		
Non-current receivables		
Receivables from Group companies	1,340,000.00	2,380,000.00
Prepayments and accrued income	4,243,500.00	-
Non-current receivables	**5,583,500.00**	**2,380,000.00**
Current receivables		
Trade receivables	20,871,270.44	23,520,930.53
Receivables from Group companies	2,820,760.80	745,504.66
Other receivables	7,014,646.80	6,065,120.57
Prepayments and accrued income	4,538,602.73	2,658,859.27
Current receivables	**35,245,280.77**	**32,990,415.03**
Receivables	**40,828,780.77**	**35,370,415.03**
Cash equivalents		
Other securities	30,000,000.00	9,892,037.88
Cash equivalents	**30,000,000.00**	**9,892,037.88**
Cash and bank	**25,142,203.64**	**73,750,180.73**
CURRENT ASSETS	**132,252,149.06**	**151,637,212.75**
ASSETS	**240,335,325.69**	**229,935,530.83**

1 EUR	Dec 31, 2023	Dec 31, 2022
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,512,000.00	1,512,000.00
Revaluation reserve	70,222.30	70,222.30
Other reserves		
Legal reserve	16,202.59	16,202.59
Reserve for invested unrestricted equity	58,825,127.65	58,825,127.65
Other reserves	**58,841,330.24**	**58,841,330.24**
Retained earnings (loss)	48,894,461.02	-13,090,760.61
Profit (loss) for the financial year	13,232,443.34	71,883,600.90
EQUITY	**122,550,456.90**	**119,216,392.83**
APPROPRIATIONS		
Cumulative accelerated depreciation	29,133,230.15	21,401,457.94
APPROPRIATIONS	**29,133,230.15**	**21,401,457.94**
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	32,400,349.48	24,824,284.00
Liabilities to Group companies	743,115.60	605,791.63
Deferred tax liability	339,576.27	339,576.27
Accruals and deferred income	60,606.00	-
Non-current liabilities	**33,543,647.35**	**25,769,651.90**

1 EUR	Dec 31, 2023	Dec 31, 2022
Current liabilities		
Loans from financial institutions	6,493,565.50	4,500,000.00
Advances received	633,691.99	752,198.50
Trade payables	24,825,932.36	31,913,757.46
Liabilities to Group companies	674,036.45	77,203.45
Other liabilities	9,494,972.24	10,272,487.02
Accruals and deferred income	12,985,792.75	16,032,381.73
Current liabilities	**55,107,991.29**	**63,548,028.16**
LIABILITIES	**88,651,638.64**	**89,317,680.06**
EQUITY AND LIABILITIES	**240,335,325.69**	**229,935,530.83**

Statement of cash flows

1 EUR	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Cash flow from operating activities		
PROFIT (LOSS) FOR THE PERIOD	13,232,443.34	71,883,600.90
Depreciation, amortisation and impairment	5,570,740.00	2,943,209.73
Gains and losses of disposals of non-current assets	-242,502.42	-1,732,104.89
Unrealised foreign exchange gains and losses	115,872.89	-
Financial income and expenses	-976,301.73	12,598,830.51
Appropriations	7,731,772.21	3,182,457.13
Income taxes	1,791,620.48	2,803,083.07
Other adjustments	-	-61,962,723.05
Operating cash flow before working capital changes	27,223,644.77	29,716,353.40
Working capital changes		
Increase (-) / decrease (+) in inventories	-3,656,585.54	5,831,819.53
Increase (-) / decrease (+) in non-interest bearing receivables	-788,986.12	7,841,311.74
Increase (+) / decrease (-) in non-interest bearing liabilities	-9,385,494.38	1,930,467.43
Cash flows from operations before financial items and taxes	13,392,578.73	45,319,952.10
Interest paid from operating activities	-2,024,996.44	-5,008,844.43
Interest received from operating activities	1,510,128.94	198,273.59
Dividends received from operating activities	967.50	-
Other financial items for operating activities	385,828.81	-6,857,621.65
Income taxes paid	-2,846,505.66	-3,787,004.92
Proceeds from repayments of loans	1,040,000.00	-
Net cash from operating activities	**11,458,001.88**	**29,864,754.69**

1 EUR	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Cash flows from investing activities		
Purchase of tangible and intangible assets	-16,653,146.27	-14,699,101.60
Proceeds from sale of tangible and intangible assets	937,671.12	436,011.61
Proceeds from sale of subsidiary	-	3,134,821.92
Investments in other investments	-10,060,606.00	-
Investments in time deposits	-35,000,000.00	-
Repayment of time deposits	15,000,000.00	-
Loans granted	-	-17,720,000.00
Net cash flow from investing activities	**-45,776,081.15**	**-28,848,268.07**
Cash flows from financing activities		
Proceeds from issue of share capital	-	32,374,021.61
Proceeds from non-current borrowings	136,630.39	35,490,751.00
Repayment of non-current borrowings	-4,500,000.00	-
Purchase of treasury shares	-3,365.90	-
Proceeds from current borrowings	1,511,899.62	2,126,652.13
Repayment of current borrowings	-1,432,086.44	-5,414,726.33
Dividends paid	-9,895,013.37	-
Repayment of capital loan	-	-6,988,174.00
Net cash flow from financing activities	**-14,181,935.70**	**57,588,524.41**
Net change in cash and cash equivalents	**-48,500,014.97**	**58,605,011.03**
Cash and cash equivalents at the beginning of the period	83,642,218.61	134.56
Cash and cash equivalents at the end of the period	**35,142,203.64**	**83,642,218.61**
Cash and cash equivalents, other arrangements	-	-25,037,072.77

Notes to the financial statements of parent company

Basis of preparation

Koskisen Corporation's financial statements for the financial year between 1 January to 31 December 2023, have been prepared in accordance with the provisions of the Finnish Accounting Act and other regulations and provisions regarding the preparation of financial statements valid in Finland.

VALUATION OF INVENTORIES

Inventories are valued at acquisition cost or lower net realisable value. The acquisition cost is determined using the weighted average cost method. In addition to direct costs, a part of the indirect costs of acquisition and manufacturing is included in the acquisition cost of the inventory.

VALUATION OF NON-CURRENT ASSETS

Intangible and tangible assets are recognised at acquisition cost less depreciation, amortisation and impairments, and increased by any revaluations. The revaluations are based on an external assessment, and their existence is justified based on the assessment of the company's management. The deferred tax liabilities arising from the revaluations have been deducted from the revaluation reserve in equity and presented on the balance sheet in the 'Deferred tax liabilities'. The acquisition cost includes the variable costs resulting from procurement and manufacturing. The depreciation has been calculated on a straight-line basis over the economic lifetime of the intangible and tangible assets. The depreciation starts from the month the asset was commissioned. The impairment is entered if the future income accrued by the asset is permanently below the book value.

Depreciation periods are:

• Other intangible assets	5 years
• Buildings	20–50 years
• Structures	10 years
• Machinery and equipment	5–15 years
• Other tangible assets	5–10 years

VALUATION OF FINANCIAL INSTRUMENTS AND DERIVATIVES

In accordance with section 5:2 of the Accounting Act, financial assets are valued at the acquisition cost or at the lower probable fair market value. Financial liabilities are valued at their nominal value.

In accordance with the principles of risk management, the Group may use derivatives as protection from the price risks of goods, interest rates or currency. Pursuant to statement 1963/13.12.2016 of the Accounting Board, the negative fair value of interest and currency derivative contracts is recorded in the income statement and as a mandatory provision, as well as the resulting deferred tax in deferred tax receivables.

Electricity derivatives are used as protection against the price risk of highly probable current supply at market prices. The derivatives used will protect 25% to 95% of the current supply required for the operations of the next four years. The current values of the electricity derivative contracts are treated as off-balance sheet liabilities to the degree that the electricity derivative contracts can be deemed to meet the preconditions set forth in statement 1963/2016 of the Accounting Board for treatment as an off-balance sheet liability. The electricity derivative contracts are established and paid on a monthly basis in accordance with the contracts. The electricity derivative contracts have been deemed to meet the preconditions for treatment as an off-balance sheet liability.

COMPARABILITY OF INFORMATION FROM THE PREVIOUS FINANCIAL YEAR

Koskisen Corporation's subsidiary Koskisen Oy merged into the company on 31 May 2022. The information from previous financial year is therefore not comparable.

FOREIGN CURRENCY ITEMS

Receivables and liabilities in foreign currency have been converted into EUR subject to the exchange rate on the balance sheet date. The exchange rate gains or losses arising from the valuation of receivables or liabilities are entered in the profit and loss account as a financial exchange difference.

DEFERRED TAXES

Deferred tax liabilities or assets have been calculated for temporary differences between taxation and the financial statements on the basis of the tax rate of the next years confirmed at the time of the financial statements. The balance sheet includes the deferred tax liabilities in total as well as the deferred tax assets corresponding with the amount of the estimated probable receivable.

Notes to the income statement

Revenue by segments and geographical areas

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Distribution by industry		
Panel Industry	138,424	85,816
Sawn Timber Industry	122,384	141,764
Other sales	11	37
Total	**260,819**	**227,616**
Geographical distribution		
Finland	111,111	125,902
Japan	21,116	20,239
Germany	15,961	9,272
Poland	16,147	6,000
Other EU countries	64,959	43,144
Other countries	31,525	23,058
Total	**260,819**	**227,616**

Other operating income

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Gain from merger	-	61,963
Payment from Lahti-Energia regarding business resale	-	3,000
Gain on the sale of subsidiary	-	1,420
Service charges and rents from subsidiaries	3,932	2,314
Sale of emission allowances	2,385	198
Gains on disposal of property, plant and equipment	399	177
Grants received	294	185
Firewood sales to forest owners	263	166
Compensations received	106	21
External rental income	93	51
Other operating income	373	365
Total	**7,844**	**69,860**

Other operating expenses

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Sales freight and forwarding	-20,231	-18,914
Lease costs	-5,714	-4,520
IT expenses	-3,929	-2,897
Maintenance of property	-3,438	-2,391
Personnel related expenses	-1,913	-886
Administrative expenses	-1,536	-964
Consulting and administrative services	-1,253	-1,304
Travel expenses	-968	-607
Marketing expenses	-684	-421
Sales commissions	-656	-463
Research and development expenses	-535	-225
Other expenses	-2,968	-1,407
Total	**-43,824**	**-34,998**

Auditor remuneration

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Audit	-98	-283
Tax advisory services	-5	-73
Other services	-28	-1,177
Total	**-131**	**-1,533**

Average number of employees at parent company during the fiscal year

	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Salaried employees	239	149
Workers	649	353
Total	**888**	**502**

Salaries and remuneration of management

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Board members and CEO	-1,085	-904

Income tax

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Taxes for the financial year	-1,608	-2,665
Taxes for prior financial years	-184	-
Change in deferred tax assets	-	-138
Total	**-1,792**	**-2,803**

Finance income and expense

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Finance income		
Dividend income from others	1	-
Interest income	2,391	310
Foreign exchange gain	996	526
Other finance income	606	1,250
Total	**3,995**	**2,086**

EUR thousand	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Finance costs		
Impairment on investments held as non-current assets	-	-130
Interest expenses	-2,051	-1,050
Interest expenses from capital loans	-	-5,765
Foreign exchange loss	-1,007	-1,533
Listing costs	-	-4,059
Other finance expenses	-76	-2,147
Total	**-3,134**	**-14,685**

The exchange rate differences are due to changes in the exchange rates of the US dollar, the Polish zloty and the Russian ruble.

Notes to balance sheet

The acquisition cost, additions, disposals and accumulated depreciation of the fixed assets of the parent company

	Intangible assets		Tangible assets					Investments			
EUR thousand	**Other long-term expenses**	**Advance payments**	**Land**	**Buildings and structures**	**Machinery and equipment**	**Other tangible assets**	**Advance payments and construction in progress**	**Invest-ments in Group Companies**	**Other shares and equity interests**	**Other receivables**	**Total**
Cost at Jan 1, 2023	**4,549**	**290**	**6,168**	**58,842**	**94,339**	**5,587**	**25,306**	**496**	**223**	**-**	**195,799**
Additions	389	30	33	7,299	8,603	120	13,540	-	-	10,061	40,076
Disposals	-662	-	-63	-1,613	-3,544	-429	-4,029	-130	-	-	-10,469
Reclassifications	473	-290	-	13,672	1,839	2,081	-17,775	-	-	-	-0
Cost at Dec 31, 2023	**4,750**	**30**	**6,138**	**78,200**	**101,237**	**7,359**	**17,043**	**366**	**223**	**10,061**	**225,406**
											-
Accumulated depreciation and impairment at Jan 1, 2023	**-3,466**	**-**	**-**	**-39,098**	**-70,840**	**-3,966**	**-**	**-130**	**-**	**-**	**-117,501**
Accumulated depreciation of disposals and reclassifications	662	-	-	1,272	3,544	142	-	130	-	-	5,749
Depreciation	-363	-	-	-1,386	-3,436	-351	-	-	-	-	-5,536
Impairments	-	-	-	-	-35	-	-	-	-	-	-35
Accumulated depreciation and impairment at Dec 31, 2023	**-3,167**	**-**	**-**	**-39,213**	**-70,767**	**-4,175**	**-**	**-**	**-**	**-**	**-117,323**
Value increases			2,293	2,741							5,035
											-
Carrying value at Jan 1, 2023	**1,082**	**290**	**6,168**	**19,745**	**23,499**	**1,620**	**25,306**	**366**	**223**	**-**	**78,298**
Carrying value at Dec 31, 2023	**1,583**	**30**	**6,138**	**38,988**	**30,469**	**3,183**	**17,043**	**366**	**223**	**10,061**	**108,083**

	Intangible assets		Tangible assets					Investments			
EUR thousand	**Other long-term expenses**	**Advance payments**	**Land**	**Buildings and structures**	**Machinery and equipment**	**Other tangible assets**	**Advance payments and construction in progress**	**Invest-ments in Group Companies**	**Other shares and equity interests**	**Other receiv-ables**	**Total**
Cost 1.1.2022	**1,826**	**-**	**387**	**796**	**35**	**381**	**305**	**24,894**	**11**	**-**	**28,636**
Additions	83	275	89	435	4,129	30	12,701	-	-	-	17,744
Internal reorganisations	2,451	-	5,721	57,831	90,765	5,109	13,343	366	212	-	175,797
Disposals	-	-	-30	-220	-1,159	-	-205	-24,763	-	-	-26,376
Reclassifications	189	15	-	-	568	67	-839	-	-	-	-0
Cost 31.12.2022	**4,549**	**290**	**6,168**	**58,842**	**94,339**	**5,587**	**25,306**	**496**	**223**	**-**	**195,799**
Cumulative amortisation and impairment 1.1.2022	**-1,440**	**-**	**-**	**-347**	**-22**	**-**	**-**	**-5,300**	**-**	**-**	**-7,109**
Cumulative amortisation on disposals and reclassifications	-		-	126	1,159	-		-	-	-	1,285
Amortisation	-221	-	-	-634	-2,004	-76	-	-	-	-	-2,934
Internal reorganisations	-1,805	-	-	-38,243	-69,965	-3,890	-	-	-	-	-113,903
Impairments	-		-	-	-9	-		5,170	-	-	5,161
Cumulative amortisation and impairment 31.12.2022	**-3,466**	**-**	**-**	**-39,098**	**-70,840**	**-3,966**	**-**	**-130**	**-**	**-**	**-117,501**
Value increases			2,293	2,741							5,035
Carrying value at Jan 1, 2022	**386**	**-**	**387**	**449**	**14**	**381**	**305**	**19,594**	**11**	**-**	**21,526**
Carrying value at Dec 31, 20212	**1,082**	**290**	**6,168**	**19,745**	**23,499**	**1,620**	**25,306**	**366**	**223**	**-**	**78,298**

Group companies

Subsidiary company	Registered office	Parent company's ownership % Dec 31, 2023	Parent company's ownership % Dec 31, 2022
Kosava-Kiinteistöt Oy	Kärkölä, Finland	100%	100%
Koskisen Sp z.o.o	Warsaw, Poland	100%	100%
OOO Koskiles	St. Petersburg, Russia	0%	100%

The liquidation process of OOO Koskiles, Koskisen's logistics and wood supply company operating in Russia, was completed in November 2023, after which the group has no operations in Russia.

Receivables from Group companies

EUR thousand	Dec 31, 2023	Dec 31, 2022
Loan receivables:		
Koskisen Sp z.o.o.	1,340	2,380
Total	**1,340**	**2,380**
Trade receivables:		
Koskisen Sp z.o.o.	2,814	740
Kosava-Kiinteistöt Oy	7	6
Total	**2,821**	**746**
All in total	**4,161**	**3,126**

Essential items included in prepayments accrued income

EUR thousand	Dec 31, 2023	Dec 31, 2022
Non-current prepayments and accrued income		
Prepaid rent of leasing contracts	4,244	-
Total	**4,244**	**-**
Current prepayments and accrued income		
Interest receivables	496	-
Other financial items	143	10
Tax accrual	1,392	337
Accrued personnel costs	-	2
Other accrued income	2,507	2,311
Total	**4,539**	**2,659**

Changes in equity

EUR thousand		Dec 31, 2023	Dec 31, 2022
Share capital	Jan 1	1,512	1,512
Share capital	Dec 31	1,512	1,512
Revaluation reserve	Jan 1	70	70
Revaluation reserve	Dec 31	70	70
Legal reserve	Jan 1	16	16
Legal reserve	Jan 1	16	16
Total restricted equity		**1,598**	**1,598**
Reserve for invested unrestricted equity	Jan 1	58,825	-
Share issue		-	58,825
Reserve for invested unrestricted equity	Dec 31	58,825	58,825
Retained earnings (loss)	Jan 1	58,793	-13,091
Dividend distribution		-9,895	-
Acquisition of treasury shares		-3	-
Retained earnings (loss)	Dec 31	48,894	-13,091
Profit (loss) for the financial year		13,232	71,884
Total unrestricted equity		**120,952**	**117,618**
Total equity		**122,550**	**119,216**

Distributable unrestricted equity

EUR thousand	Dec 31, 2023	Dec 31, 2022
Reserve for invested unrestricted equity	58,825	58,825
Retained earnings (loss)	48,894	-13,091
Profit (loss) for the financial year	13,232	71,884
Total	**120,952**	**117,618**

Payables to Group companies

The main bank accounts of the group's Finnish companies are connected to the Group account arrangement, the main holder of which is Koskisen Corporation.

EUR thousand	Dec 31, 2023	Dec 31, 2022
Liabilities based on the group account arrangement:		
Kosava-Kiinteistöt Oy	741	604
Total	**741**	**604**
Trade payables:		
Kosava-Kiinteistöt Oy	41	49
Koskisen Sp z.o.o.	633	29
Total	**674**	**77**
Accrued expenses:		
Kosava-Kiinteistöt Oy	2	1
Total	**2**	**1**
All in total	**1,417**	**683**

Essential items included in accrued expenses

EUR thousand	Dec 31, 2023	Dec 31, 2022
Non-current accruals and deferred income		
Accrued personnel costs	61	-
Total	**61**	**-**
Current accruals and deferred income		
Accrued personnel costs	8,487	9,137
Subcontractor's accrued expenses	2,721	2,730
Accrued listing costs	-	1,765
Heating energy accruals	1,026	-
Interest accrual	106	466
Other short-term accrued expenses	645	1,934
Total	**12,986**	**16,032**

Deferred tax liability

EUR thousand	Dec 31, 2023	31.12.2022
From value increases	340	340
Total	**340**	**340**

Notes to statement of cash flows

The cash and cash equivalents described in the statement of cash flows include cash, bank receivables that can be converted into cash if necessary, and financial securities with a highly liquid secondary market and with minimum risk of fluctuation in value. In practice, the financial securities included in cash and cash equivalents, which are presented in the balance sheet item Financial securities, are fund investments and time deposits with a deposit period of three months or less.

Collaterals, commitments and off-balance sheet arrangements

Given collaterals

EUR thousand	Dec 31, 2023	Dec 31, 2022
Liabilities secured by real estate- or business mortgages		
Loans from financial institutions	20,500	25,000
Account- and guarantee limits (EUR 8 million), of which in use at the balance sheet date:		
Account limit	-	-
Guarantee limit	83	267
Mortgages		
Given real estate mortgages	307,200	307,200
Given business mortgages	181,551	181,551
Guarantees		
Advance payment, delivery guarantees etc.	83	267

Amounts payable from lease contracts

EUR thousand	Dec 31, 2023	Dec 31, 2022
Payable during following year	1,479	1,180
Payable later	1,609	1,476
Total	**3,088**	**2,656**
Residual values of lease contracts		
Payable during following year	-	2
Payable later	-	-
Total	**-**	**2**

Other liability commitments

The power plants sold to Lahti Energia by Koskisen Corporation, which have since been transferred to the ownership of Loimua Oy, have a repurchase obligation after the end of the contract period in October 2032. The repurchase price is estimated to be approximately EUR 15 million.

Koskisen Corporation has committed to a total of EUR 17,6 million in payments related to investments. The commitments are mainly related to the new sawmill and logyard in Järvelä.

Koskisen Corporation's loan share of Asunto Oy Puumera on 31 December 2023 was EUR 132 thousand (31 December 2022 EUR 142 thousand).

The audit obligation of real estate investments in the financial statements

	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Deducted VAT	143	28	36	16	7	8	93	22	4,842	5,195
Annual proportion of deducted VAT	14	3	4	2	1	1	9	2	484	519
Remaining years included in the review period	1	2	3	4	5	6	7	8	9	
Refundable amount of deduction	**14**	**6**	**11**	**6**	**4**	**5**	**65**	**18**	**4,358**	**4,486**

Derivative contracts

In accordance with the principles of risk management, the company can use derivatives to hedge against commodity, interest and currency price risks. The derivative contracts in effect at the time of the financial statements include both signed contracts and contracts protecting the offer phase. The negative fair value of interest rate and currency derivative contracts on the balance sheet date is recorded as a provision. Electricity derivative contracts have been deemed to meet the conditions for being treated as an off-balance sheet liability.

Derivative contracts valid at the balance sheet date

EUR thousand	2023 Fair value	2022 Fair value	2023 Nominal value	2022 Nominal value
Interest rate swaps				
due Feb 25, 2025	285	492	10,000	10,000
due Jul 1, 2025	271	402	10,000	10,000
due Oct 27, 2025	336	552	10,000	10,000
Total, interest rate swaps	**892**	**1,446**	**30,000**	**30,000**
Deferred tax asset	-	-		
Foreign exchange forward contracts				
EUR-USD, due date Mar 29, 2023		29		494
EUR-USD, due date Mar 30, 2023		21		719
EUR-USD, due date Mar 31, 2023		-3		462
EUR-USD, due date Jun 26, 2023		28		491
EUR-USD, due date Jun 29, 2023		6		238
EUR-USD, due date Mar 28, 2024	30		1,606	
EUR-USD, due date Jun 28, 2024	25		810	
Total, foreign exchange forward contracts	**55**	**82**	**2,416**	**2,404**
Deferred tax asset	-	-		

EUR thousand	2023 Fair value	2022 Fair value	2023 Nominal value	2022 Nominal value
Electricity forward contracts				
Due in year 2023		5,217		2,649
Due in year 2024	519	1,254	1,912	1,248
Due in year 2025	11	113	557	203
Total, electricity forward contracts	**530**	**6,583**	**2,469**	**4,100**

Timber reserve

The company has entered into binding agreements with forest owners regarding future timber procurement (timber reserve). The amount of commitments at the time of closing the accounts is approximately EUR 34.8 million (31 December 2022, EUR 24.3 million).

Covenants

Loans from financial institutions include covenants. According to financing agreements, lenders can make loans due early if the covenant conditions are not met. Loans from financial institutions are presented on the balance sheet in accordance with the repayment plans of the financing agreements valid at the time of the financial statements. During the financial year, the covenant conditions are reviewed every six months. The covenants were more than fulfilled in the 2023 fiscal year.

Share-based incentives

SHARE-BASED INCENTIVE PLAN 2022–2026

In March 2022, the Board of Directors of Koskisen Corporation decided on a share-based incentive program in place for its key employees for the years 2022 to 2026. The incentive program consists of three three-year earning periods, which are from 2022 to 2024, from 2023 to 2025 and from 2024 to 2026.

SHARE-BASED INCENTIVE PLAN 2022–2026 – PERFORMANCE PERIOD 2022–2024

The key employees eligible for the program, the incentives to be paid, the vesting conditions and targets determined by the company's Board of Directors were communicated to the persons participating in the arrangement in June 2022. The key employees eligible for the program (six individuals) can receive a maximum of 138,000 company shares (gross amount) if the terms of the program are met. The vesting conditions and the targets relate to meeting certain key figures (EBITDA and return on invested capital) and work obligation. The earned shares are given to the key employees after the vesting period ends. From the total number of shares, Koskisen withholds the withholding tax corresponding to the income tax liability of the key employee and pays it to the tax authorities. The arrangement has a net settlement feature of tax obligations and is classified as an equity-settled share-based transaction in its entirety. The arrangement is treated as an equity-settled share-based transaction.

SHARE-BASED INCENTIVE PLAN 2022–2026 – PERFORMANCE PERIOD 2023–2025

In April 2023, the company's Board of Directors resolved on the criteria and targets as well as the key employees eligible for the incentive program for the second earning period. The members of the Group Executive Board, a total of seven people, are currently entitled to participate in the long-term share-based incentive program. The potential receipt and amount of the reward is based on the accumulated adjusted EBITDA from 1 January 2023 to 31 December 2025 and the person's continued employment with the company. During the second earning period of the incentive program, the key employees eligible for the incentive program may earn a maximum of 215,000 shares (gross amount). The earned shares are given to the key employees after the vesting period ends. From the total number of shares, Koskisen withholds the withholding tax corresponding to the income tax liability of the key employee and pays it to the tax authorities. The arrangement has a net settlement feature of tax obligations and is classified as an equity-settled share-based transaction in its entirety. The arrangement is treated as an equity-settled share-based transaction.

INCENTIVE PLAN RELATED TO THE INITIAL PUBLIC OFFERING

In June 2022, Koskisen established a share-based incentive plan for key management. The Board of Directors has determined the employees eligible for the program, the incentives to be paid, and the vesting conditions and targets. The program includes two individuals who, if the conditions are met, can receive a maximum of 45,000 company shares. The earning criteria and goals are related to the listing and work obligation. The first part is paid two months after the listing and the second part 12 months after the first part is paid. The reward is paid half in shares and half in cash, which is determined by the value of the share at the time of payment. The arrangement is treated partly as an equity-settled and partly as a cash-settled share-based transaction. The first part was paid in full in February 2023.

SHARE ISSUE DIRECTED TO PERSONNEL

In September 2022, Koskisen carried out a directed share issue to its employees, in which all employees working in a permanent employment relationship could participate. The subscription price of the shares issued as part of the personnel offering (115,018) was lower than the fair value of the shares. Subsequent sale of the subscribed shares is limited and the shares are subject to an obligation to work for a period that ends with a separate decision of the Board of Directors, when two years have passed since the approval of the share subscriptions or when at least six months have passed since the listing, whichever occurs later.

Events after the balance sheet date

On 16 February 2024 Koskisen Corporation's Board of Directors decided on a free share issue directed to the company's CEO and CFO as part of management remuneration based on the authorisation given by the extraordinary general meeting on 31 October 2022. The issued shares were registered in the trade register on 28 February 2024. The total number of shares increased to 23,025,159 shares when the CEO and CFO were given 13,500 new shares. The value of the second instalment of the fee related to the completion of the listing to Koskisen's CEO corresponds to 18,000 shares, half of which is paid in cash to cover the withholding tax. The value of the second instalment of the bonus to Koskisen's CFO corresponds to 9,000 shares, half of which is paid in cash to cover the withholding tax.

Signatures of the Report of the Board of Directors and Financial Statements

In Helsinki on 12 April 2024

Pekka Kuusniemi
Chairman of the Board

Kari Koskinen
Board member

Hanna Masala
Board member

Kalle Reponen
Board member

Hanna Sievinen
Board member

Eva Wathén
Board member

Jukka Pahta
Board member

The auditor's note

Our auditor's report has been issued today.
In Helsinki on 12 April 2024

PricewaterhouseCoopers Oy
Audit firm

Markku Launis
KHT

List of parent company's records and materials

Accounting book:	Method of storage:
Financial statements	Digital
Subledgers	
Purchase ledger	Digital
Sales ledger	Digital
General ledger	Digital
Diary	Digital
Cash book	Digital
Fixed asset accounting	Digital
Inventory records	Digital

Voucher types:	Method of storage:
Financial account vouchers	Digital
Contributory end vouchers	Digital
Memo voucher	Digital
Payroll accounting	Digital/Hard copies
Dispatches Supply warehouse	Digital
Arrivals Supply warehouse	Digital
Sales invoices	Digital
Purchase invoices	Digital
Receipts sales ledger	Digital
Payments purchase ledger	Digital
Opening balances	Digital
Depreciation	Digital
Accruals	Digital

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Koskisen Oyj

Report on the Audit of the Financial Statements

OPINION

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Koskisen Oyj (business identity code 0148241-9) for the year ended 31 December 2023. The financial statements comprise:

- consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, cash flow statement and notes.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 9 Other operating expenses to the Financial Statements.

OUR AUDIT APPROACH

Overview

Overall group materiality:
EUR 2 700 000, which represents 1% of net sales

Audit scope:
We have audited parent company

Valuation of inventory

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 2,700,000
How we determined it	1% of net sales
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, the performance of the Group is most commonly measured by using this criteria, and it is a generally accepted benchmark. We chose net sales as the benchmark as we considered that this provides us with a consistent year-on-year basis for determining materiality.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Our audit procedures covered all significant components of the group. The audit of the consolidated financial statements was focused on the most significant location in Finland, where we performed an audit based on the size of the companies and the characteristics of the risks. In other group companies we have performed analytical audit procedures to mitigate the risk of material misstatements in the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group and parent company	How our audit addressed the key audit matter
Valuation of inventory Refer to accounting principles and to note 16 in the consolidated financial statements and to the notes of the parent company's financial statements. • Inventory is one of the most significant balance sheet items and amounted to EUR 37,5 million in the consolidated balance sheet and EUR 36,3 million in the parent company's balance sheet at the balance sheet date. • Inventories are stated at the lower of cost and net realisable value, the cost being determined by the weighted average cost method. The cost comprises raw materials, direct labour, depreciation and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. • A valuation allowance is made for old, slow-moving inventories based on the managements best estimate of the expected net realisable value at the end of the reporting period. • Valuation of inventories is a key audit matter due to the size of the balance and the level of management judgement involved in the estimation process.	• We assessed the compliance of the group's accounting policies in comparison to applicable accounting framework and performed control testing and test of details to valuation and existence of the inventories. • We tested a sample of inventory items to third party purchase invoices. We also tested management's calculations on the absorption of relative share of indirect production overheads. • We attended stock takings in selected inventory locations to obtain audit evidence regarding existence of the inventory. During stock takes we assessed the appropriateness of the stock takes and performed independent test counts. • We compared the value of selected finished goods inventory items to the sales prices.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

APPOINTMENT

We were first appointed as auditors by the annual general meeting on 26 April 2022. Our appointment represents a total period of uninterrupted engagement of 2 years.

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises in the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 12 April 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)

Information for investors

Koskisen Corporation's shares are listed in NasdaqHelsinki Ltd's Small Cap market capitalization group in the Basic Resources sector under the KOSKI ticker.

Financial calendar 2024

Koskisen Corporation will publish financial reports in 2024 as follows:

14 May 2024
Interim Report for January–March 2024

16 August 2024
Half-Year Report for January–June 2024

15 November 2024
Interim Report for January–September 2024

All financial reports are published in Finnish and in English and they are available after publication at: https://koskisen.fi/en/investors/ reports-and-presentations/

Annual General Meeting 2024

The highest decision-making body is Koskisen's shareholders at general meetings of shareholders, where the shareholders can exercise their right to speak, present questions and vote. Koskisen Corporation's Annual General Meeting (AGM) 2024 will be held on Thursday, 16 May 2024 in Helsinki.

Dividend policy

Koskisen Corporation's dividend policy aims to pay an attractive dividend, which is at least one third of the net profit annually. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.32 per share is paid for the financial year 2023.

Silent period

Regularly published financial reviews are preceded by a silent period that starts 30 days before the publication date of the financial review. The company's representatives do not comment on the company's financial situation, market or future prospects during the silent period. The silent period ends with the publication of the financial statement bulletin, half-year report or interim report. If an event during the silent period (such as a significant business event) requires immediate disclosure, the company will publish the information without delay in accordance with the regulations and procedures regarding the obligation to disclose insider information and may comment on the event in question after the information is published.

Investor calendar

Koskisen Corporation's investor events are available on the company's website at: https://koskisen.fi/en/investors/investor-relations/ir-calendar/

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