

# **Koskisen Corporation**

Interim report

1 January–31 March 2023

# **Koskisen's profitability was at a good level considering the market situation – the Panel Industry business segment recorded a strong result**

## **January–March 2023 in brief**

- Revenue decreased to EUR 73.2 (78.8) million.
- EBITDA decreased to EUR 12.6 (16.0) million.
- The EBITDA margin was 17.3 (20.4) per cent.
- Adjusted EBITDA amounted to EUR 12.6 (16.2) million.
- The adjusted EBITDA margin was 17.3 (20.5) per cent.
- Operating profit amounted to EUR 10.7 (14.0) million and was 14.6 (17.8) per cent of revenue.
- The profit for the financial period amounted to EUR 8.8 (12.1) million.
- Basic earnings per share were EUR 0.38 (0.69).
- Diluted earnings per share were EUR 0.38 (0.69).

## **Profit guidance for 2023 unchanged (published on 16 March 2023)**

Koskisen's revenue for 2023 is not expected to exceed the level of 2022. The adjusted EBITDA margin is expected to be 12–14 per cent.

The profitability of the Sawn Timber Industry segment is expected to decrease compared to the level of 2022. The profitability of the Panel Industry segment is expected to remain unchanged or improve compared to the level of 2022.

## Key figures

EUR million	1–3 2023	1–3 2022	Change, %	1–12 2022
Revenue	73.2	78.8	-7.1	317.7
EBITDA	12.6	16.0	-21.3	66.3
EBITDA margin, %	17.3	20.4		20.9
Adjusted EBITDA	12.6	16.2	-21.9	66.6
Adjusted EBITDA margin, %	17.3	20.5		21.0
Operating profit (EBIT)	10.7	14.0	-23.8	58.2
Operating profit (EBIT margin), %	14.6	17.8		18.3
Profit for the period	8.8	12.1	-27.1	46.0
Basic earnings per share, EUR	0.38	0.69		2.48
Diluted earnings per share, EUR	0.38	0.69		2.47
Gross investments	8.5	3.6		26.6
Equity per share, EUR	6.3	5.6		5.9
Return on capital employed (ROCE), %	32.1	N/A		35.7
Working capital, end of period	46.8	50.9		28.9
Net cash flow from operating activities	-8.0	-5.3		47.2
Equity ratio, %	55.4	34.7		52.7
Gearing, %	-8.3	62.8		-21.0

The figures in brackets refer to the comparison period, i.e. the corresponding period in the previous year, unless specified otherwise.

## CEO Jukka Pahta:

Considering the market situation, Koskisen had a good first quarter, although profitability was lower than in the comparison period. The adjusted EBITDA of EUR 12.6 million for January–March can be seen as a success. The first quarter of the year was also stronger than the final quarter of 2022. All in all, profit performance was in line with expectations: the improved profitability of the Panel Industry business segment compensated for the weakened result of the Sawn Timber business segment.

The revenue of the Sawn Timber segment declined year-on-year, mainly due to a decrease in prices caused by the global market situation. The sawn timber market remains uncertain and unpredictable, particularly with regard to the latter part of the year. The price development of sawn timber was in line with expectations in the first quarter, with the prices of processed sawn timber products being slightly lower than previously predicted. On the whole, production went as planned: while inventories increased slightly from the turn of the year, they ended up at the normal level, in line with the level of the corresponding period in the previous year.

The company continued to resolutely implement its strategy. Construction on the new wood processing unit is progressing according to plan and within the cost budget. The target remains to have the unit become operational in July 2023, followed by a gradual ramp-up of production in the second half of the year. The unit is expected to operate at full capacity in early 2024. The new unit will significantly improve the productivity of the Sawn Timber segment from the beginning of next year.

In the Panel Industry segment, the demand for birch plywood remained strong. This was reflected in the favourable development of selling prices. Birch plywood has a broader range of end uses than other products, which supports strong demand in spite of the increased economic uncertainty. The EU's sanctions against Russia also affect the supply of birch plywood on the market by significantly reducing supply. Production volumes were slightly lower than in the comparison period and inventory levels remained low. The production and sales of chipboard were well-balanced, although the production volume was lower than in the comparison period. The Kore business picked up in the first quarter, driven by the general recovery of the vehicle industry.

As the weakened demand in the construction sector has a direct impact on the profitability of the Sawn Timber segment, the Panel Industry segment plays an important role in softening the market impacts from the Group's perspective. Indeed, the effect of the Panel Industry segment is clearly apparent in the figures for the first quarter: good demand has enabled the favourable development of the average prices of products and, at the same time, Koskisen's own sales organisation has done an excellent job of optimising product-specific and customer-specific profitability.

Trading activity in the wood market was high and the harvest conditions were good. The price of logs used as raw material remained at a high level. Demand for pulpwood and wood chips was strong, with prices rising for both pulping industry raw materials and fuels used in energy production. The procurement of birch logs has gone according to plan, and raw material inventories have been accumulated to ensure the smooth resumption of production after the maintenance shutdown scheduled for the summer.

We will continue our systematic efforts to develop sustainable and innovative wood products. SENSi, the sensor-equipped smart floor panel developed by Koskisen, placed third in public voting in the New Wood innovation competition. Koskisen SENSi is a smart floor panel designed to be used in transport equipment flooring. It optimises the use of cargo space by providing data that is shared via a cloud-based platform. SENSi panels are made from Finnish birch plywood. In the competition, SENSi was recognised as an important innovation for reducing climate impacts and transportation costs, as well as improving safety. SENSi panels are currently in the product development and testing phase in collaboration with selected partners.

## Market situation

Russia's war of aggression in Ukraine has also upset the timber products market. In the Panel Industry segment, the impacts are visible in the important birch plywood, the supply of which has fallen sharply in Europe. Demand for birch plywood will significantly exceed supply in the near future. This has also been reflected positively in the demand for Koskisen products. Due to the ban on the import of raw materials from Russia, the availability of domestic birch logs remains tight. In addition, inflation gives rise to general uncertainty.

Increased economic uncertainty and the resulting reduction in construction activity led to a decrease in the demand for, and price of, softwood sawn timber starting from the third quarter of 2022. The decline in the selling prices of sawn timber levelled off in the first quarter as demand remained moderate. Koskisen has managed to keep production running normally. The price of softwood and birch logs has remained high.

Sustainability-related themes will increase Koskisen's relevant markets in the long term. The green transition in construction and the related regulations are the primary drivers of growth for sawn timber products. A significant part of Koskisen's sawn timber is used in construction, binding carbon for a long time. About one half of Koskisen's chipboard products are used in furniture and furnishings where wood is a responsible, sustainable and increasingly sought-after material. Birch plywood, in turn, is widely used as a renewable raw material in commercial and transport vehicles, as well as various construction and interior decoration solutions.

The global demand for softwood sawn timber is expected to grow by an average of 1.9 per cent per year until 2030, using 2021 as the baseline. Demand in the birch plywood market, on the other hand, is expected to grow globally by 2.3 per cent between 2022 and 2030.

## Economic development

January–March 2023

Consolidated revenue declined in January–March and amounted to EUR 73.2 (78.8) million. The decrease in revenue was mainly due to the fall in the market prices of sawn timber and lower volumes, which was partially compensated for by the good demand and continued strong price level of panel products.

Adjusted EBITDA declined to EUR 12.6 (16.2) million. The decrease in adjusted EBITDA was mainly due to the negative development of the market prices of sawn timber. The prices of raw materials – particularly wood raw materials – were at a higher level than in the comparison period.

Operating profit came to EUR 10.7 (14.0) million. Depreciation, amortisation and impairment amounted to EUR 2.0 (2.0) million. Profit before income tax amounted to EUR 10.3 (14.8) million and income tax for the period to EUR 1.5 (2.8) million. The profit for the financial period amounted to EUR 8.8 (12.1) million and earnings per share were EUR 0.38 (0.69).

## Balance sheet, cash flow and financing

At the end of the review period, Koskisen's equity ratio was 55.4 (34.7) per cent, and gearing was -8.3 (62.8) per cent.

Cash flow from operating activities amounted to EUR -8.0 (-5.3) million in January–March. The effect of the change in working capital was EUR -19.4 (-12.1) million. Cash flow from financing activities amounted to EUR -0.2 (-0.2) million. Cash flow from investment activities came to EUR -8.6 (-2.0) million.

Interest-bearing liabilities at the end of the period amounted to EUR 60.7 (77.6) million, and liquid assets totalled EUR 72.7 (33.1) million. Interest-bearing net liabilities amounted to EUR -11.9 (44.5) million.

Koskisen's liquidity has remained strong. At the end of the review period, available liquidity amounted to EUR 72.7 (33.1) million, comprising cash and cash equivalents of EUR 57.7 (23.1) million, deposits of EUR 15.0 (0.0) million and fund investments of EUR 0.0 (9.9) million.

## **Investments**

Gross investments for the review period amounted to EUR 8.5 (3.6) million. The construction of the new wood processing unit in Järvelä was the most significant factor contributing to the increase in investments. Advance payments and construction in progress include EUR 26.0 million related to the construction of the new sawmill, of which the increases during the review period amount to EUR 7.1 million.

## Sawn Timber Industry

The main products of the Sawn Timber Industry segment are traditional sawn timber, planed timber and painted cladding products. In wood procurement, the most important types of wood are softwood and birch logs. Bioenergy from logging residues and mill by-products is produced for Koskisen's leased and other nearby heat and power plants.

EUR million	1–3 2023	1–3 2022	Change, %	1–12 2022
Revenue (external)	32.1	43.8	-26.7	165.4
EBITDA	1.6	9.6	-83.7	41.6
EBITDA, %	4.9	22.0		25.1
Personnel at the end of the period	191	184	3.8	190
Deliveries of sawn timber and processed products, 1,000 m <sup>3</sup>	68.5	78.5	-12.8	304.2

### Financial and operational development in January–March

Revenue decreased to EUR 32.1 (43.8) million. The decrease in revenue was mainly due to the decrease in prices caused by the global market situation and the somewhat lower volumes when compared to the reference period. The reason for the reduction in volume was the elimination of the volumes of the previously leased Kissakoski sawmill, which were included in the revenue figure for the comparison period. The lease for the Kissakoski sawmill expired at the end of July 2022.

EBITDA decreased to EUR 1.6 (9.6) million. The decrease in EBITDA was mainly due to lower selling prices, but the high price of wood raw material was also a factor. The EBITDA margin was 4.9 (22.0) per cent.

The decline in the selling prices of sawn timber levelled off in the first quarter. The demand for sawn timber was moderate in the first quarter. The levelling off of demand is related to the weakened demand in the construction sector.

Construction on the new wood processing unit has progressed according to plan, both in terms of the schedule and the costs of the project. The ramp-up of the unit will start gradually at the beginning of July. The unit is expected to be operating at full capacity at the beginning of 2024.

Prices of wood raw material have remained high. In wood procurement, the raw material reserves have been at a good level and the supply of raw materials from own procurement has gone according to plan. The necessary snow reserves have been accumulated for birch logs to ensure the start-up of production after the maintenance shutdown taking place in the summer.

In the bioenergy market, demand remains strong, and the scarcity caused by the ban on Russian imports has been reflected in the further strengthening of market prices.

## Panel industry

The main products of Panel industry are birch plywood, chipboard, thin plywood and veneer. Ready-made solutions for van interiors are offered under Kore brand.

EUR million	1–3 2023	1–3 2022	Change, %	1–12 2022
Revenue (external)	41.1	35.0	17.5	152.1
EBITDA	9.8	5.3	86.3	29.3
EBITDA, %	23.9	15.1		19.2
Personnel at the end of the period	646	635	1.7	637
Deliveries of panel products (excl. Kore), 1,000 m <sup>3</sup>	39.3	43.1	-8.9	163.7

## Financial and operational development in January–March

Revenue increased to EUR 41.1 (35.0) million. The increase in revenue was mainly driven by continued strong customer demand and the improved average price of products.

EBITDA improved to EUR 9.8 (5.3) million. The improvement in EBITDA was particularly supported by the favourable development of average product prices and optimisation of product-specific and customer-specific profitability through successful sales activities. The prices of raw materials remained at a higher level than in the comparison period. The EBITDA margin was 23.9 (15.1) per cent.

In particular, the demand for birch plywood products remained strong in the first quarter. The demand for chipboard levelled off when compared to the reference period. This was due to the weakening of economic activity and increased general economic uncertainty. In the Kore business, demand improved when compared to the reference period, driven by the partial recovery of supply chains in the vehicle industry.

The availability of birch raw material was moderate in the first quarter. Sufficient raw material inventories have been accumulated during the early part of the year to ensure the smooth resumption of production after the maintenance shutdown that typically takes place in July.

The company's own measures to enhance the utilisation of raw material are progressing according to plan: construction on the new veneer peeling line will begin in August, and the aim is to have the new production line operational in late 2023.



## Strategy

Koskisen's strategy is the cornerstone of all of the company's operations. The key themes of the strategy are Quality has a name, Creative and agile challenger, The best carbon narrative, Here for the customer and Proud of its roots. Koskisen's growth is based on close customer relationships, quality, responsibility and agility, which are key focus areas in the strategy.

The new wood processing unit, 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

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, 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 (943) employees in January–March 2023 and 908 (943) employees at the end of March. The number of employees was reduced by the divestment of the Russian unit in June 2022.

## Short-term risks and uncertainties

The Group's most significant short-term risks are related to the availability of raw materials and the management of price changes, the functioning of the financial markets, 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, and changes in business areas and customer relationships. More information on Koskisen Corporation's risks and uncertainties is provided on pages 73–76 of the Annual Report 2022 and in note 3 to the financial statements, starting from page 102.

## Russia's military operations

In 2022, the wood raw material procured by Koskisen came mainly from Finland at 98.6 (97.2) per cent. Of the raw material, 1.4 (2.8) per cent (birch) was imported from Russia. The import of wood from Russia ceased completely in March 2022, after which all wood used in production has been procured entirely from Finland.

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 been fairly successful.

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 is underway. Currently, it is not possible to predict the timing of its implementation due to the processes of the local authorities. Russian operations' share of 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 will be minor. The Russian unit has had four employees.

## Shares and ownership

Koskisen's share capital amounts to EUR 1,512,000 and the total number of issued and outstanding shares on 31 March 2023 was 23,011,659. 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*

The company does not hold any treasury shares.

### *Share price and turnover*

A total of 577,842 of the company's shares were traded on the Helsinki Stock Exchange between 1 January and 31 March 2023, corresponding to 2.5 per cent of the total number of shares. The highest share price was EUR 6.59 and the lowest EUR 6.14. The average price of the shares traded was EUR 6.34. The share turnover was EUR 3,665,531. At the end of the review period, the market capitalisation of the company was EUR 149,575,784.

### *Flagging notifications*

The company did not receive any flagging notifications during the first quarter of 2023.

## Sustainability and reporting of non-financial indicators

In its strategy, Koskisen is committed to promoting the green transition throughout the value chain, from raw material sourcing to final products. The most important sustainability measures at Koskisen are primarily related to the material and raw material efficiency of its own operations and production, as well as products made from renewable raw materials that bind carbon for a long time.

In raw material procurement, Koskisen invests in the sustainable use of forests. Product development emphasises material efficiency and fossil-free raw materials. In recent years, Koskisen has invested heavily in the use of renewable energy; in 2022, the share of biofuel in Koskisen's heat production was 96 per cent. The utilisation of our own by-products as raw material in production and energy production, as well as the long life of the manufactured wood products, enable the "Best carbon narrative" in accordance with the strategy.

Koskisen has identified three key sustainability themes for its business: 1) a healthy environment, 2) fair partnerships, and 3) meaningful work. Koskisen reports on its efforts related to these sustainability themes, and the company's sustainability performance indicators, in its Sustainability Report 2022.

## Annual General Meeting 2023 (held after the review period on 11 May 2023)

The Annual General Meeting of Koskisen Corporation was held on 11 May 2023, in Helsinki, Finland. The General Meeting adopted the financial statements and the consolidated financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2022. The General Meeting approved the remuneration policy for governing bodies and the remuneration report for the financial year 2022.

### *Resolution on the use of the profit shown on the balance sheet*

The General Meeting decided that a dividend of EUR 0.43 per share shall be paid based on the adopted balance sheet regarding the financial year 2022 and that the profit shall be recorded in retained earnings. The record date for the payment of the dividend is 15 May 2023 and the dividend shall be paid on 23 May 2023.

### *Remuneration of the members of the Board of Directors*

The General Meeting decided that the remuneration of the Board of Directors would be as follows: the remuneration of the Chairman of the Board of Directors shall be EUR 5,000 per month and other members EUR 2,500 per month. The remuneration of the Chairman of the Audit Committee shall be EUR 3,500 per month.

In addition, the Chairman of the Board of Directors shall be paid a meeting fee of EUR 1,000 per meeting and other members a fee of EUR 500 per meeting. Equivalent meeting fees shall also be paid for the meetings of the Board of Directors' committees. No fee shall be paid for decisions made without convening a meeting.

Compensation for expenses shall be paid in accordance with the company's valid travel policy.

#### *Composition of the Board of Directors*

The General Meeting confirmed the number of members of the Board of Directors to be six (6).

Kari Koskinen, Eva Wathén, Kalle Reponen and Hanna Sievinen were re-elected as members of the Board of Directors and Pekka Kuusniemi and Hanna Masala were elected as new members of the Board of Directors.

Pekka Kuusniemi was elected as the Chairman of the Board of Directors.

#### *Election of the auditor and auditor's remuneration*

The General Meeting decided to re-elect PricewaterhouseCoopers Oy, Authorized Public Accountant firm, as the company's auditor. PricewaterhouseCoopers Oy has informed that it will appoint Markku Launis, Authorized Public Accountant, as the principally responsible auditor of the company. The General Meeting decided to pay the auditor's fee according to an invoice approved by the company.

#### *Authorizations granted to the Board of Directors*

The General Meeting decided to grant to the Board of Directors the authorizations described in the notice to the General Meeting concerning authorizing the Board of Directors to resolve on the repurchase of company's own shares and authorizing the Board of Directors to resolve on the share issue and granting of options and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act. The authorizations are valid until 30 June 2024.

#### *Organizational meeting of the Board of Directors*

In the organizational meeting held after the General Meeting, the Board of Directors elected Kari Koskinen as its Vice Chairman.

The following persons were elected as members of the Board of Directors' Audit Committee: Hanna Sievinen as its Chairman and Eva Wathén and Hanna Masala as members.

### **Short-term outlook**

The development of the global economy is subject to considerable uncertainty in the short term. Higher financing costs, cost inflation and general uncertainty are affecting the demand for Koskisen's products. Forecasting the development of demand is also hampered by the end of deliveries of sawmill and plywood products from Russia and lower production volumes in Central Europe and Canada.

However, in the long term, the demand for wood-based products is expected to grow, as the use of wood-based products in construction and logistics solutions is preferred on ecological grounds.

### **Events following the period**

On 14 April 2023, Koskisen issued a release announcing that, on 13 April 2023, the company's Board of Directors had resolved on the criteria and targets, as well as the eligible key employees, for the second earning period of the share-based incentive program.

On 20 April 2023, Koskisen announced it had received a notification pursuant to Chapter 9, Section 5 of the Securities Markets Act, according to which the total holdings of shares and votes of the Sirkka-Leena Koskinen estate in Koskisen Corporation had fallen below the five per cent threshold. According to the notification, on 3 April 2023, the Sirkka-Leena Koskinen estate held a total of 0 shares in Koskisen Corporation, corresponding to 0 per cent of all shares and votes in Koskisen Corporation.

Helsinki, 24 May 2023

Board of Directors of Koskisen Corporation

## Financial information

Part corresponding to IAS 34

### Consolidated statement of comprehensive income

EUR thousand	Note	Jan 1 - Mar 31, 2023	Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2022
<b>Revenue</b>	2	<b>73,191</b>	<b>78,753</b>	<b>317,651</b>
Other operating income	3	1,495	878	4,316
Changes in inventories of finished goods and work in progress		2,871	2,052	-634
Change in fair value of forest assets		-330	12	-19
Materials and services		-41,620	-43,349	-161,770
Employee benefit expenses		-12,234	-11,180	-46,269
Depreciation, amortisation and impairments		-1,975	-2,048	-8,083
Other operating expenses		-10,744	-11,126	-47,025
<b>Operating profit (loss)</b>		<b>10,655</b>	<b>13,992</b>	<b>58,168</b>
Finance income	6	502	2,119	5,998
Finance costs	6	-876	-1,268	-6,408
Finance costs, net		<b>-374</b>	<b>851</b>	<b>-410</b>
<b>Profit (loss) before income tax</b>		<b>10,281</b>	<b>14,843</b>	<b>57,757</b>
Income tax expense		-1,499	-2,790	-11,784
<b>Profit (loss) for the period</b>		<b>8,782</b>	<b>12,053</b>	<b>45,973</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss</b>				
Translation differences		-4	1	186
<b>Other comprehensive income for the period, net of tax</b>		<b>-4</b>	<b>1</b>	<b>186</b>
<b>Total comprehensive income for the period</b>		<b>8,779</b>	<b>12,054</b>	<b>46,159</b>
<b>Profit (loss) for the period attributable to:</b>				
Owners of the parent		8,782	8,732	39,746
Non-controlling interests		-	3,321	6,227
<b>Profit (loss) for the period</b>		<b>8,782</b>	<b>12,053</b>	<b>45,973</b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the parent company		8,779	8,713	39,929
Non-controlling interests		-	3,341	6,230
<b>Total comprehensive income</b>		<b>8,779</b>	<b>12,054</b>	<b>46,159</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the parent company:</b>				
Basic earnings per share, EUR	5	0.38	0.69	2.48
Diluted earnings per share, EUR	5	0.38	0.69	2.47

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

## Consolidated balance sheet

EUR thousand	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	79,356	57,371	76,275
Forest assets		2,401	2,762	2,731
Right-of-use assets		26,368	27,440	22,702
Intangible assets		1,258	661	923
Financial assets at fair value through profit or loss	6	1,441	980	1,752
Other receivables		-	240	79
Deferred tax assets		138	60	129
<b>Total non-current assets</b>		<b>110,962</b>	<b>89,515</b>	<b>104,590</b>
<b>Current assets</b>				
Inventories		40,042	43,684	34,174
Trade receivables	6	29,963	29,231	25,541
Other receivables		7,910	9,474	9,534
Financial assets at fair value through profit or loss	6	-	9,933	9,892
Income tax receivables		354	4	354
Deposits	6	15,000	-	-
Cash and cash equivalents	6	57,664	23,123	74,527
<b>Total current assets</b>		<b>150,933</b>	<b>115,449</b>	<b>154,022</b>
<b>TOTAL ASSETS</b>		<b>261,896</b>	<b>204,965</b>	<b>258,612</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	5	1,512	1,512	1,512
Legal reserve		16	16	16
Reserve for invested unrestricted equity	5	73,843	0	73,843
Cumulative translation difference		-194	-392	-191
Retained earnings		60,781	34,486	20,886
Result for the period		8,782	8,732	39,746
<b>Total equity attributable to owners of the parent company</b>		<b>144,740</b>	<b>44,355</b>	<b>135,811</b>
Non-controlling interests		-	26,520	-
<b>Total equity</b>		<b>144,740</b>	<b>70,874</b>	<b>135,811</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	6	28,718	31,284	24,150
Lease liabilities	6	25,404	27,761	25,294
Derivative liabilities	6	-	618	-
Defined benefit obligations		3,101	3,744	3,020
Deferred tax liabilities		3,549	1,966	3,734
Provisions		109	109	100
<b>Total non-current liabilities</b>		<b>60,881</b>	<b>65,482</b>	<b>56,299</b>
<b>Current liabilities</b>				
Borrowings	6	4,500	16,294	4,500
Lease liabilities	6	2,096	2,212	2,015
Advances received		776	568	756
Trade payables	6	22,922	23,675	32,263
Trade payables, payment scheme	6	7,406	7,287	7,316
Other payables		17,899	16,246	19,501
Income tax liabilities		612	2,327	130
Provisions		64	-	20
<b>Total current liabilities</b>		<b>56,275</b>	<b>68,608</b>	<b>66,501</b>
<b>Total liabilities</b>		<b>117,156</b>	<b>134,090</b>	<b>122,800</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>261,896</b>	<b>204,965</b>	<b>258,612</b>

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

## 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	Cumulative translation difference	Retained earnings	Total equity attributable to owners of the parent company	Equity attributable to non-controlling interest	Total equity
Equity at Jan 1, 2023		1,512	16	73,843	-191	60,631	135,811	-	135,811
Profit (loss) for the period		-	-	-	-	8,782	8,782	-	8,782
Other comprehensive income for the period									
Cumulative translation difference		-	-	-	-4	-0	-4	-	-4
Total comprehensive income		-	-	-	-4	8,782	8,779	-	8,779
Transactions with owners:									
Share based compensation		-	-	-	-	149	149	-	149
Total transactions with owners		-	-	-	-	149	149	-	149
Equity at Mar 31, 2023		1,512	16	73,843	-194	69,563	144,740	-	144,740

Attributable to owners of the parent company								
EUR thousand	Share capital	Legal reserve	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings	Total equity attributable to owners of the parent company	Equity attributable to non-controlling interest	Total equity
Equity at Jan 1, 2022	1,512	16	0	-374	34,486	35,641	23,179	58,820
Profit (loss) for the period	-	-	-	-	8,732	8,732	3,321	12,053
Other comprehensive income for the period								
Cumulative translation difference	-	-	-	-18	-	-18	20	1
Total comprehensive income	-	-	-	-18	8,732	8,713	3,341	12,054
Equity at Mar 31, 2022	1,512	16	0	-392	43,218	44,355	26,520	70,874

Attributable to owners of the parent company

EUR thousand	Note	Share capital	Legal reserve	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings	Total equity attributable to owners of the parent company	Equity attributable to non-controlling interest	Total equity
<b>Equity at Jan 1, 2022</b>		<b>1,512</b>	<b>16</b>	<b>-</b>	<b>-374</b>	<b>34,486</b>	<b>35,641</b>	<b>23,179</b>	<b>58,820</b>
Profit (loss) for the period		-	-	-	-	39,746	39,746	6,227	45,973
<b>Other comprehensive income for the period</b>									
Cumulative translation difference		-	-	-	183	-0	183	3	186
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>183</b>	<b>39,746</b>	<b>39,929</b>	<b>6,230</b>	<b>46,159</b>
<b>Transactions with owners:</b>									
Share issue (merger)		-	-	43,252	-	-13,842	29,409	-29,409	0
Directed share issue, personnel offering		-	-	345	-	-	345	-	345
Share based compensation		-	-	-	-	242	242	-	242
Share issue		-	-	32,029	-	-	32,029	-	32,029
Transaction costs related to share issue		-	-	-1,783	-	-	-1,783	-	-1,783
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>73,843</b>	<b>-</b>	<b>-13,601</b>	<b>60,242</b>	<b>-29,409</b>	<b>30,833</b>
<b>Equity at Dec 31, 2022</b>		<b>1,512</b>	<b>16</b>	<b>73,843</b>	<b>-191</b>	<b>60,631</b>	<b>135,811</b>	<b>-</b>	<b>135,811</b>

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 - Mar 31, 2023	Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2022
<b>Cash flow from operating activities</b>				
<b>Profit (loss) for the period</b>		<b>8,782</b>	<b>12,053</b>	<b>45,973</b>
<b>Adjustments:</b>				
Depreciation, amortisation and impairment		1,975	2,048	8,083
Change in the fair value of the forest assets		330	-12	19
Gains and losses from sale of subsidiaries	3	-	-	-2,209
Gains and losses from sale of non-current assets	3	-128	50	-396
Interest and other financial income and expense	6	374	-851	410
Income taxes		1,499	2,790	11,784
Change in other long-term employee benefits		53	67	-678
Other adjustments		150	-	238
<b>Adjustments total</b>		<b>4,253</b>	<b>4,092</b>	<b>17,251</b>
Changes in net working capital:				
Change in trade on other receivables		-3,016	-2,874	661
Change in trade and other payables		-10,472	-3,581	8,120
Change in inventories		-5,866	-5,618	3,527
Utilised provision		54	-11	1
Interest received		137	7	163
Interest paid		-605	-722	-9,227
Other financial items received		111	765	163
Arrangement fees and other financing costs paid		-206	-893	-1,080
Income taxes paid		-1,214	-8,491	-18,326
<b>Net cash flow from operating activities</b>		<b>-8,041</b>	<b>-5,274</b>	<b>47,225</b>
<b>Cash flow from investing activities</b>				
Purchases of property, plant and equipment and intangible assets	4	-3,648	-1,973	-22,046
Proceeds from sale of non-current assets		142	-	491
Proceeds from financial assets at fair value through profit or loss		9,892	-	-
Investments in deposits		-15,000	-	-
Proceeds from sale of subsidiary		-	-	3,136
<b>Net cash from investing activities</b>		<b>-8,614</b>	<b>-1,973</b>	<b>-18,418</b>
<b>Cash flow from financing activities</b>				
Proceeds from issue of shares		-	-	30,591
Proceeds from borrowings	6	-	-	29,000
Repayment of borrowings	6	-	-	-43,988
Proceeds from a change in a lease contract	6	-	-	3,000
Repayments of lease liabilities	6	-197	-185	-3,511
<b>Net cash from financing activities</b>		<b>-197</b>	<b>-185</b>	<b>15,092</b>
<b>Net change in cash and cash equivalents</b>		<b>-16,852</b>	<b>-7,432</b>	<b>43,898</b>
Cash and cash equivalents at the beginning of the period		74,527	30,538	30,538
Effects of exchange rate changes on cash and cash equivalents		-10	19	91
<b>Cash and cash equivalents at the end of period</b>		<b>57,664</b>	<b>23,124</b>	<b>74,527</b>

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

The group's interim financial information concerning Koskisen Corporation and its subsidiaries (Koskisen, the group) has been prepared in accordance with IAS 34 Interim Financial Reporting standard and the preparation principles presented in the group's 2022 financial statements. The reforms and annual improvements to the IFRS standards that entered into force on 1 January 2023 do not have a significant impact on the figures presented. The interim financial information does not include all the supplementary information presented in the consolidated financial statements for the period ended 31 December 2022, and the interim information must be read together with the consolidated financial statements.

The preparation of interim information requires management to use estimates and exercise judgements, which have an impact on the application of the accounting policies and the amounts of assets, liabilities, income and expenses presented. The actual results may differ from these estimates. When preparing the interim data, the significant accounting estimates, and judgment-based decisions made by the management are the same as those applied in the consolidated financial statements prepared for the financial year ended 31 December 2022.

All amounts presented have been rounded, and therefore the sum of individual figures may deviate from the presented total figure.

The interim report is unaudited.

### 2. Segment information and revenue

#### Revenue by segments

EUR thousand	Jan 1 - Mar 31, 2023			Jan 1 - Mar 31, 2022			Jan 1 - Dec 31, 2022		
	External	Internal	Total	External	Internal	Total	External	Internal	Total
Panel industry	41,086	1	41,087	34,973	1,122	36,095	152,111	1,873	153,984
Sawn timber industry	32,071	6,878	38,949	43,762	6,818	50,580	165,426	23,637	189,063
<b>Segments total</b>	<b>73,157</b>	<b>6,879</b>	<b>80,036</b>	<b>78,735</b>	<b>7,940</b>	<b>86,675</b>	<b>317,537</b>	<b>25,510</b>	<b>343,048</b>
Other	35	182	217	18	171	189	114	581	695
Elimination of internal sales		-7,062	-7,062		-8,111	-8,111		-26,092	-26,092
<b>Total</b>	<b>73,191</b>	<b>-</b>	<b>73,191</b>	<b>78,753</b>	<b>-</b>	<b>78,753</b>	<b>317,651</b>	<b>-</b>	<b>317,651</b>

#### Revenue by geographical areas

EUR thousand	Jan 1 - Mar 31, 2023	Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2022
Finland	31,804	32,918	124,553
Japan	4,656	8,290	39,950
Germany	5,561	5,422	20,822
Poland	4,375	5,190	11,742
Other EU countries	19,401	18,537	81,718
Other countries	7,395	8,396	38,866
<b>Total</b>	<b>73,191</b>	<b>78,753</b>	<b>317,651</b>

## EBITDA by segments

EUR thousand	Jan 1 - Mar 31, 2023	Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2022
Panel sales	9,837	5,280	29,279
Sawn timber sales	1,568	9,632	41,557
<b>Segments total</b>	<b>11,405</b>	<b>14,912</b>	<b>70,835</b>
Other <sup>1)</sup>	1,225	1,128	-4,747
Eliminations	0	0	162
<b>Total</b>	<b>12,631</b>	<b>16,040</b>	<b>66,251</b>

<sup>1)</sup>Includes the fully owned subsidiary Kosava-Kiinteistöt Oy, which provides real estate management services to the parent company, as well as part of the group's centralised operations that are not allocated to segments.

## 3. Other operating income

EUR thousand	Jan 1 - Mar 31, 2023	Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2022
Gain on the sale of subsidiary	-	-	2,209
Sale of emission allowances	1,163	567	765
Grants received	-	-	350
Gains on disposal of property, plant and equipment	128	136	396
Firewood sales to forest owners	143	98	281
Lease income	17	30	99
Insurance claims	-	-	2
Other	44	46	213
<b>Total</b>	<b>1,495</b>	<b>878</b>	<b>4,316</b>

#### 4. Property, plant and equipment

EUR thousand	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
<b>Cost at Jan 1, 2023</b>	<b>2,734</b>	<b>61,241</b>	<b>95,078</b>	<b>6,061</b>	<b>26,741</b>	<b>191,854</b>
Additions	-	384	-	36	8,079	8,499
Disposals	-	-	-119	-	-4	-123
Reclassifications	-	12	-	1,791	-6,011	-4,208
Translation differences	0	4	-13	0	3	-6
<b>Cost at Mar 31, 2023</b>	<b>2,734</b>	<b>61,641</b>	<b>94,947</b>	<b>7,889</b>	<b>28,807</b>	<b>196,017</b>
<b>Accumulated depreciation and impairment at Jan 1, 2023</b>	<b>-</b>	<b>-39,870</b>	<b>-71,297</b>	<b>-4,412</b>	<b>-</b>	<b>-115,579</b>
Depreciation	-	-288	-853	-72	-	-1,214
Accumulated depreciation of disposals and reclassifications	-	-	105	-	-	105
Impairment	-	-	14	-	-	14
Translation differences	-	-1	14	-0	-	13
<b>Accumulated depreciation and impairment at Mar 31, 2023</b>	<b>-</b>	<b>-40,160</b>	<b>-72,017</b>	<b>-4,484</b>	<b>-</b>	<b>-116,661</b>
<b>Carrying value at Jan 1, 2023</b>	<b>2,734</b>	<b>21,370</b>	<b>23,781</b>	<b>1,650</b>	<b>26,741</b>	<b>76,275</b>
<b>Carrying value at Mar 31, 2023</b>	<b>2,734</b>	<b>21,481</b>	<b>22,929</b>	<b>3,405</b>	<b>28,807</b>	<b>79,356</b>

The increases during the review period amounted to EUR 8.5 (3.6) million and were mainly related to the construction of the new wood processing unit in Järvelä. Advance payments and construction in progress include EUR 26.0 million related to the construction of the new sawmill, of which the increases during the review period amounted to EUR 7.1 million.

During the review period, fixed assets worth approximately EUR 2.2 million were taken into use. The most significant of these were the Mäntsäläntie industrial area's stormwater system (EUR 1.3 million) and district heating network (EUR 0.5 million).

EUR thousand	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
<b>Cost at Jan 1, 2022</b>	<b>2,730</b>	<b>65,881</b>	<b>93,572</b>	<b>6,661</b>	<b>6,797</b>	<b>175,641</b>
Additions	-	1	12	-	3,597	3,609
Disposals	-	-87	-	-	-20	-106
Reclassifications	-	12	56	-	-104	-37
Translation differences	-5	-303	-187	-72	-5	-571
<b>Cost at Mar 31, 2022</b>	<b>2,725</b>	<b>65,503</b>	<b>93,452</b>	<b>6,589</b>	<b>10,265</b>	<b>178,535</b>
<b>Accumulated depreciation and impairment at Jan 1, 2022</b>	<b>-</b>	<b>-44,186</b>	<b>-71,252</b>	<b>-5,063</b>	<b>-</b>	<b>-120,500</b>
Depreciation	-	-244	-895	-66	-	-1,204
Accumulated depreciation of disposals and reclassifications	-	-	-	-	-	-
Impairment	-	-17	-	-	-	-17
Translation differences	-	357	151	50	-	558
<b>Accumulated depreciation and impairment at Mar 31, 2022</b>	<b>-</b>	<b>-44,090</b>	<b>-71,995</b>	<b>-5,078</b>	<b>-</b>	<b>-121,164</b>
<b>Carrying value at Jan 1, 2022</b>	<b>2,730</b>	<b>21,695</b>	<b>22,321</b>	<b>1,598</b>	<b>331</b>	<b>48,675</b>
<b>Carrying value at Mar 31, 2022</b>	<b>2,725</b>	<b>21,412</b>	<b>21,458</b>	<b>1,511</b>	<b>10,265</b>	<b>57,371</b>

EUR Thousand	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
<b>Cost at Jan 1 2022</b>	<b>2,730</b>	<b>65,881</b>	<b>93,572</b>	<b>6,661</b>	<b>6,797</b>	<b>175,642</b>
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
<b>Cost at Dec 31, 2022</b>	<b>2,734</b>	<b>61,241</b>	<b>95,078</b>	<b>6,061</b>	<b>26,741</b>	<b>191,854</b>
<b>Accumulated depreciation and impairment at Jan 1, 2022</b>	<b>-</b>	<b>-44,186</b>	<b>-71,252</b>	<b>-5,063</b>	<b>-</b>	<b>-120,500</b>
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
<b>Accumulated depreciation and impairment at Dec 31, 2022</b>	<b>-</b>	<b>-39,870</b>	<b>-71,297</b>	<b>-4,412</b>	<b>-</b>	<b>-115,579</b>
<b>Carrying value at Jan 1, 2022</b>	<b>2,730</b>	<b>21,696</b>	<b>22,321</b>	<b>1,598</b>	<b>6,797</b>	<b>55,142</b>
<b>Carrying value at Dec 31, 2022</b>	<b>2,734</b>	<b>21,370</b>	<b>23,781</b>	<b>1,650</b>	<b>26,741</b>	<b>76,275</b>

## 5. Equity and earnings per share

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

Koskisen Corporation has one series of shares and all shares are equally entitled to dividends. One share carries one vote at the general meeting. The company does not hold its own shares.

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 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.

	Jan 1 - Mar 31, 2023	Jan 1 - Mar 31, 2023	Jan 1 - Dec 31, 2022
<b>Earning per share</b>			
Profit (loss) for the period attributable to the owners of the parent company (EUR)	8,782,331	8,731,809	39,745,676
Weighted average number of shares outstanding during the period <sup>1)</sup>	23,007,959	12,600,000	16,043,440
Diluted weighted average number of shares outstanding during the period <sup>1)</sup>	23,078,210	12,600,000	16,069,899
<b>Basic earnings per share (EUR)</b>	<b>0.38</b>	<b>0.69</b>	<b>2.48</b>
<b>Diluted earnings per share (EUR)</b>	<b>0.38</b>	<b>0.69</b>	<b>2.47</b>

<sup>1)</sup>The period's undiluted and diluted earnings per share attributable to the shareholders of the parent company for the periods presented have been retroactively adjusted to take into account the impact of the free share issues decided on 26 April 2022 and 31 October 2022.

## 6. Financial assets and liabilities

		Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
EUR thousand	Fair value hierarchy level	Carrying value	Carrying value	Carrying value
<b>Financial assets measured at amortised cost</b>				
Trade receivables	-	29,963	29,231	25,541
Deposits	-	15,000	-	-
Cash and cash equivalents	-	57,664	23,123	74,527
<b>Total financial assets measured at amortised cost</b>		<b>102,627</b>	<b>52,355</b>	<b>100,068</b>
<b>Financial assets measured at fair value through profit or loss</b>				
Money market funds	1	-	9,933	9,892
Derivatives	2	1,427	757	1,528
Other assets measured at fair value through profit or loss	3	14	223	223
<b>Total financial assets measured at fair value through profit or loss</b>		<b>1,441</b>	<b>10,914</b>	<b>11,644</b>
<b>Financial liabilities measured at amortised cost</b>				
Loans from financial institutions	2	33,218	35,284	28,650
Capital loans	3	-	12,294	-
Lease liabilities	-	27,500	29,973	27,309
Trade payables	-	22,922	23,675	32,263
Trade payables, payment system	-	7,406	7,287	7,316
<b>Total financial liabilities measured at amortised cost</b>		<b>91,046</b>	<b>108,513</b>	<b>95,538</b>
<b>Financial liabilities measured at fair value through profit or loss</b>				
Derivative liabilities	2	-	618	-
<b>Total financial liabilities measured at fair value through profit or loss</b>		<b>-</b>	<b>618</b>	<b>-</b>

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 is estimated on the basis of counterparty quotes. Changes in the fair value of derivatives and fund investments are recognised in financial income and expenses, which are detailed below. 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.

## Changes in financial liabilities

The most significant change in financial liabilities during the review period is associated with an increase in a loan related to the sawmill project. The loan is recognised in the balance sheet in accordance with the project's percentage of completion.

The table below shows the maturity of the financial liabilities.

EUR thousand	2023	2024	2025	2026	2027	2028-	Total contractual cash flows	Carrying amount
<b>Mar 31, 2023</b>								
Loans from financial institutions <sup>1)</sup>	5,650	6,730	7,263	12,184	1,500	4,927	38,253	33,218
Lease liabilities	4,212	3,854	3,409	2,797	2,599	27,401	44,273	27,500
Trade payables	22,922	-	-	-	-	-	22,922	22,922
Trade payables, payment system <sup>2)</sup>	7,939	-	-	-	-	-	7,939	7,406
<b>Total</b>	<b>40,723</b>	<b>10,584</b>	<b>10,672</b>	<b>14,980</b>	<b>4,099</b>	<b>32,328</b>	<b>113,387</b>	<b>91,046</b>

EUR thousand	2022	2023	2024	2025	2026	2027-	Total contractual cash flows	Carrying amount
<b>Mar 31, 2022</b>								
Loans from financial institutions <sup>1)</sup>	7,530	6,045	6,119	29,825	-	-	49,519	35,284
Capital loans <sup>1)</sup>	-	11,917	-	-	-	-	11,917	12,294
Lease liabilities	4,114	3,723	3,581	3,263	2,835	30,699	48,214	29,973
Derivative liabilities	65	73	480	-	-	-	618	618
Trade payables	23,675	-	-	-	-	-	23,675	23,675
Trade payables, payment system <sup>2)</sup>	7,287	-	-	-	-	-	7,287	7,287
<b>Total</b>	<b>42,670</b>	<b>21,758</b>	<b>10,179</b>	<b>33,088</b>	<b>2,835</b>	<b>30,699</b>	<b>141,230</b>	<b>109,131</b>

EUR thousand	2023	2024	2025	2026	2027	2028-	Total contractual cash flows	Carrying amount
<b>Dec 31, 2022</b>								
Loans from financial institutions <sup>1)</sup>	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 <sup>2)</sup>	7,316	-	-	-	-	-	7,316	7,316
<b>Total</b>	<b>49,319</b>	<b>10,024</b>	<b>9,712</b>	<b>14,075</b>	<b>3,241</b>	<b>29,538</b>	<b>115,909</b>	<b>95,538</b>

<sup>1)</sup> Included in Borrowings in the balance sheet

<sup>2)</sup> Trade payables under the payment system are payable on demand, so the company reports them as short-term debt.



## Finance income and costs

EUR thousand	Jan 1 - Mar 31, 2023	Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2022
<b>Interest income and other finance income</b>			
Foreign exchange gains	141	200	2,348
Gains on interest rate derivatives	-	1,075	3,010
Interest income	361	7	163
Foreign currency gains on derivatives	-	830	283
Other finance income	-	7	194
<b>Total</b>	<b>502</b>	<b>2,119</b>	<b>5,998</b>
<b>Finance costs</b>			
Interest expenses from borrowings <sup>1)</sup>	-	-450	-421
Interest expenses from lease liabilities	-533	-556	-2,254
Foreign currency losses on derivatives	-39	-	-
Net losses on interest rate derivatives	-4	-77	-396
Foreign exchange losses	-282	-184	-2,257
Other financial expenses	-18	-0	-1,081
<b>Total</b>	<b>-876</b>	<b>-1,268</b>	<b>-6,408</b>
<b>Finance income and costs total</b>	<b>-374</b>	<b>851</b>	<b>-410</b>

<sup>1)</sup>Interest expenses from borrowings are capitalised fully for the sawmill investment for the period 1 January - 31 March 2023.

## 7. Contingent liabilities and liability commitments

EUR thousand	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
<b>Liabilities for which collaterals have been given</b>			
Loans from financial institutions	25,000	33,000	25,000
<b>Account and guarantee limits in use at the balance sheet date</b>			
Account limit	-	-	-
Guarantee limit	83	138	267
Real estate mortgages	307,200	1,689,600	307,200
Company mortgages	181,551	181,551	181,551
<b>Guarantees</b>			
Advance payment, delivery, etc. Guarantees	83	138	267

Koskisen has committed to a total of EUR 24.3 million investments among others in the Järvelä new sawmill.

## 8. Related party transactions

EUR thousand	Jan 1 - Mar 31, 2023	Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2022
<b>Shareholders with significant influence*</b>			
Wages, salaries and pension costs	-26	-125	-439
Lease income	-	2	2
Income from sale of property, plant and equipment	-	-	400
Interest expense	-	-78	-304
<b>Total</b>	<b>-26</b>	<b>-201</b>	<b>-341</b>

\*Includes shareholders with more than 10% ownership and their close family members

EUR thousand	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
<b>Shareholders with significant influence</b>			
Capital loan <sup>1)</sup>	-	4,536	-
Accrued interest of capital loan <sup>1)</sup>	-	3,507	-

<sup>1)</sup>Included in Borrowings in the balance sheet

## 9. Significant events after the reporting period

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.

## 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 the Reorganisation, (ii) impairment charges, (iii) the gain or loss from the sale of businesses or significant fixed assets and (iv) costs related to the contemplated 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.

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.

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.

$$\text{Adjusted EBIT margin, per cent} = \frac{\text{Adjusted EBIT}}{\text{Revenue}} \times 100$$

Adjusted EBIT margin is an indicator used to measure Koskisen's performance. Adjusted EBIT margin is presented in addition to EBIT margin to reflect the underlying business performance and to enhance comparability between periods. Koskisen believes that adjusted EBIT margin provides meaningful supplemental information by excluding items outside the ordinary course of business that reduce comparability between periods.

$$\text{Basic earnings per share, EUR} = \frac{\text{Profit (loss) for the period attributable to owners of the parent company}}{\text{Weighted average number of ordinary Shares outstanding during the period}}$$

Basic earnings per Share reflects the distribution of Koskisen's results to its shareholders.

$$\text{Diluted earnings per share, EUR} = \frac{\text{Profit (loss) for the period attributable to owners of the parent company}}{\text{Weighted average number of ordinary Shares outstanding during the period} + \text{Weighted average number of all dilutive instruments potentially to be converted into Shares}}$$

Diluted earnings per share reflects the distribution of Koskisen's results to its shareholders.

$$\text{Capital employed} = \text{Total assets} - \text{Current liabilities}$$

Capital employed reflects the capital tied to Koskisen's operations and it is used to calculate return on capital employed.

$$\text{Liquid assets} = \text{Current financial assets at fair value through profit or loss} + \text{Deposits} + \text{Cash and cash equivalents}$$

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.

Net debt/EBITDA, ratio = 
$$\frac{\text{Net debt}}{\text{EBITDA (last 12 months)}} \times 100$$

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 = 
$$\frac{\text{Total equity}}{\text{Total assets - Advances received}} \times 100$$

Equity ratio measures Koskisen's solvency and ability to meet its liabilities in the long term.

Gearing, per cent = 
$$\frac{\text{Net debt}}{\text{Total equity}} \times 100$$

Gearing is a measure used to assess Koskisen's financial leverage.

Return on capital employed, per cent = 
$$\frac{\text{Operating profit (loss) (last 12 months)}}{\text{Capital employed (average for the last 12 months)}} \times 100$$

Return on capital employed reflects the return of capital tied to Koskisen's operations.

The item "Borrowings" includes the Capital Loans.

## 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 - Mar 31, 2023	Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2022
<b>Items affecting comparability</b>			
Costs related to the Reorganisation	-	138	430
The gain (-) or loss (+) from sale of businesses or significant fixed assets	-	-	-2,485
Costs related to the Listing	-	-	2,428
<b>Items affecting comparability</b>	<b>-</b>	<b>138</b>	<b>373</b>

EUR thousand	Jan 1 - Mar 31, 2023	Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2022
<b>EBITDA</b>			
Operating profit (loss)	10,655	13,992	58,168
Depreciation, amortisation and impairments	1,975	2,048	8,083
<b>EBITDA</b>	<b>12,631</b>	<b>16,040</b>	<b>66,251</b>

EUR thousand	Jan 1 - Mar 31, 2023	Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2022
<b>EBITDA margin</b>			
EBITDA	12,631	16,040	66,251
Revenue	73,191	78,753	317,651
<b>EBITDA margin, per cent</b>	<b>17.3 %</b>	<b>20.4 %</b>	<b>20.9 %</b>

EUR thousand	Jan 1 - Mar 31, 2023	Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2022
<b>Adjusted EBITDA</b>			
Operating profit (loss)	10,655	13,992	58,168
Depreciation, amortisation and impairments	1,975	2,048	8,083
Items affecting comparability	-	138	373
<b>Adjusted EBITDA</b>	<b>12,631</b>	<b>16,178</b>	<b>66,624</b>

EUR thousand	Jan 1 - Mar 31, 2023	Jan 1 - Mar 31, 2022	Jan 1 - Dec 31, 2022
<b>Adjusted EBITDA margin</b>			
Adjusted EBITDA	12,631	16,178	66,624
Revenue	73,191	78,753	317,651
<b>Adjusted EBITDA margin, per cent</b>	<b>17.3 %</b>	<b>20.5 %</b>	<b>21.0 %</b>