

# **Koskisen Corporation**

Financial Statements Release

1 January–31 December 2023

# **Koskisen's profitability at a good level in a challenging operating environment – Performance of the Panel Industry segment continued to be strong**

## **October–December 2023 in brief**

- Revenue decreased and amounted to EUR 68.7 (77.4) million.
- EBITDA decreased and amounted to EUR 5.3 (9.8) million.
- EBITDA margin was 7.6 per cent (12.7).
- Adjusted EBITDA amounted to EUR 5.5 (10.7) million.
- Adjusted EBITDA margin was 8.0 per cent (13.8).
- Operating profit amounted to EUR 3.0 (7.8) million and was 4.4 (10.1) per cent of revenue.
- The profit for the financial period amounted to EUR 2.6 (5.0) million.
- Basic earnings per share were EUR 0.11 (0.26).

## **January–December 2023 in brief**

- Revenue decreased and amounted to EUR 271.3 (317.7) million.
- EBITDA decreased and amounted to EUR 33.0 (66.3) million.
- EBITDA margin was 12.2 per cent (20.9).
- Adjusted EBITDA amounted to EUR 33.1 (66.6) million.
- Adjusted EBITDA margin was 12.2 per cent (21.0).
- Operating profit amounted to EUR 24.4 (58.2) million and was 9.0 (18.3) per cent of revenue.
- The profit for the financial period amounted to EUR 20.2 (46.0) million.
- Basic earnings per share were EUR 0.88 (2.48).

## **Dividend proposal**

The Board of Directors proposes to the Annual General Meeting to be held in spring 2024 that dividend of EUR 0.32 per share be paid.

## **Profit guidance for 2024**

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.

## Key figures

EUR million	10–12 2023	10–12 2022	Change, %	1–12 2023	1–12 2022	Change, %
Revenue	68.7	77.4	-11.3	271.3	317.7	-14.6
EBITDA	5.3	9.8	-46.5	33.0	66.3	-50.2
EBITDA margin, %	7.6	12.7		12.2	20.9	
Adjusted EBITDA	5.5	10.7	-48.9	33.1	66.6	-50.2
Adjusted EBITDA margin, %	8.0	13.8		12.2	21.0	
Operating profit (EBIT)	3.0	7.8	-61.9	24.4	58.2	-58.1
Operating profit (EBIT) margin, %	4.4	10.1		9.0	18.3	
Profit for the period	2.6	5.0	-48.6	20.2	46.0	-56.0
Basic earnings per share, EUR	0.11	0.26		0.88	2.48	
Diluted earnings per share, EUR	0.11	0.25		0.87	2.47	
Gross investments	12.7	5.4		31.7	26.6	
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	

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

## CEO Jukka Pahta:

Uncertainty in the operating environment continued in the last quarter of the year. In particular, the weak construction cycle affected market sentiment, demand and price formation extensively in the company's various markets.

As expected, Koskisen Group's fourth-quarter profitability weakened from the comparison period, with adjusted EBITDA amounting to EUR 5.5 (10.7) million. The adjusted EBITDA margin was 8.0 (13.8) per cent. The full-year adjusted EBITDA was EUR 33.1 million (EUR 66.6 million) and the adjusted EBITDA margin was EUR 12.2 million (EUR 21.0 million). Although the full-year profit level was lower than in the previous record year, the performance can be considered good in a difficult market situation.

Profitability of the Sawn Timber Industry segment decreased year-on-year, with EBITDA amounting to EUR 1.0 (2.6) million. The commissioning of the new saw line continued. We fell a little behind the desired production target, and the shortfall was partially patched with the old sawmill. The lower-than-targeted production volumes were also affected by cold weather, which challenged the smoothness of production, as well as the reduced productivity of the old saw line. The profitability of the Sawn Timber Industry segment was also still burdened by the continued high price of the raw material.

The old sawmill was closed as planned before Christmas, and the production of sawn timber is now centralised to the new line in Järvelä. If necessary, we will use a third shift instead of the normal two to achieve the targeted production volumes. We are working diligently to optimise the saw line and achieve full capacity. Achieving the targeted capacity will significantly improve the productivity and profitability of the Sawn Timber Industry segment – approximately EUR 8 million annually.

The development of the Sawn Timber Industry segment continues with the construction of a log yard in the immediate vicinity of the new sawmill. Once completed in early 2025, the new log yard will significantly increase the efficiency of the sawing process, reduce the volume of internal logistics and thus both provide cost savings and reduce the carbon dioxide emissions from operations. The channel dryer under construction, in turn, will open the bottlenecks of production in the late phases of the process; with the volume growth of the saw line, it is also necessary to increase the drying capacity.

The price of sawn timber continued to decrease as expected compared to the previous quarter. The price level of sawn timber products, on the other hand, was slightly better than predicted. The Finnish sawmill industry's stocks of sawn timber were at a very low level at the turn of the year, as were stock levels at Koskisen. Despite the weak situation in the construction industry, we expect an increase in sales volumes for the current year, as well as a small increase in the price of sawn timber.

Profitability of the Panel Industry segment decreased year-on-year, with EBITDA amounting to EUR 4.7 (9.4) million. The downward trend in construction was particularly evident in the occasional low order book in chipboard. This has been reacted to as necessary through flexibility in working time, such as with temporary lay-offs. The demand for birch plywood remained at a good level until the quieter season towards the end of the year, when customers optimise their year-end inventories. There is still a supply shortage in the market, so we expect the demand for birch plywood to remain good. The continuing weak cycle of construction, in turn, is slowing down the recovery of the demand for chipboard.

In the Panel Industry segment, a lathe investment enhancing material efficiency was commissioned as planned in December. It enables the use of smaller log classes as well as increasing the efficiency of raw material use. The solar power plant completed in Järvelä was commissioned at the end of December, and it is ready to produce an increasing amount of emission-free electricity for plywood and chipboard plants as the sunlight gradually increases. We will continue to develop the production of the Panel industry segment with several smaller investments also in 2024.

The raw material sourcing for the production plants has gone according to plans and the raw material reserves and inventories have been at a good level. The decrease in the prices of softwood logs levelled off compared to the previous quarter and the prices remained at a high level, considering the economic cycle. The availability of birch raw material continued to be limited. Despite this, raw material supply for the needs of the Panel Industry segment has been successful, and the shortage has not affected the planned production of birch plywood.

## Market situation

Continued economic uncertainty and thus reduced construction activity have had a negative impact on the demand for softwood sawn timber and kept product prices low. Thanks to active sales efforts, Koskisen has managed to keep the demand for its products at a level which allows the sawn timber production continue at the planned level without additional production interruptions. The purchase prices of softwood logs have levelled off, but the price level is still very high relative to the market price of sawn timber.

Russia's war of aggression in Ukraine is also having an impact on the timber products market. In the Panel Industry segment, this is reflected in birch plywood, which is an important raw material whose supply has fallen sharply in Europe. The demand for birch plywood will significantly exceed the supply in the near future, which has also been favourably reflected in the demand for Koskisen's products. The demand for birch plywood is expected to remain good in spite of the general uncertainty. The downward trend in construction has had a negative impact on the demand for chipboard. Due to the ban on Russian raw material imports, the availability of domestic birch logs remains tight, while the price level remains high. Since imports from Russia ceased, the demand for energy and pulpwood has remained strong, and this has increased their prices.

Sustainability-related themes will open up new growth opportunities in Koskisen's relevant markets. The green transition and related regulations are the primary drivers of growth for timber products. A significant part of Koskisen's sawn timber is used in construction, binding carbon for a long time. 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. In addition to being used in construction, approximately half of Koskisen's chipboard products are used in furniture and furnishings, for which wood is a responsible, sustainable and increasingly sought-after material.

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 annually between 2022 and 2030.

## Economic development

### October–December 2023

Consolidated revenue for October–December decreased and amounted to EUR 68.7 (77.4) million. The decrease in revenue was mainly due to the downward trend in the price of sawn timber and the Panel Industry segment's decreased delivery volumes compared to the reference period.

Adjusted EBITDA declined to EUR 5.5 (10.7) million. The decrease in EBITDA was mainly due to the falling prices of sawn timber, the high price of wood raw material and the decreased delivery volumes of the Panel Industry segment.

Operating profit came to EUR 3.0 (7.8) million. Depreciation, amortisation and impairment amounted to EUR 2.3 (2.0) million. Profit before income tax amounted to EUR 2.8 (6.9) million, and income tax for the period amounted to EUR 0.2 (1.9) million. The profit for the financial period came to EUR 2.6 (5.0) million, and earnings per share were EUR 0.11 (0.26).

### January–December 2023

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).

### **Balance sheet, cash flow and financing**

At the end of the review 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.

Koskisen's liquidity has remained strong. At the end of the review 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 October–December amounted to EUR 12.7 (5.4) million, and for January–December to EUR 31.7 (26.6) 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).

## Sawn Timber Industry

The main products of the Sawn Timber Industry segment are traditional sawn timber, refined 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 plant by-products is produced in Koskisen's leased plants and other nearby heat and power plants.

EUR million	10–12 2023	10–12 2022	Change, %	1–12 2023	1–12 2022	Change, %
Revenue (external)	35.8	35.5	0.8	122.4	165.4	-26.0
EBITDA	1.0	2.6	-62.7	3.3	41.6	-92.1
EBITDA, %	2.7	7.4		2.7	25.1	
Personnel at the end of the period	173	190	-8.9	173	190	-8.9
Deliveries of sawn timber and processed products, 1,000 m <sup>3</sup>	78.3	77.9	0.5	277.6	304.2	-8.7

### Financial and operational development in October–December

Revenue remained at the same level and amounted to EUR 35.8 (35.5) million. Deliveries of sawn timber and processed timber remained at the level of the comparison period, with the average sales prices decreasing slightly. Revenue reflected the strengthening of energy and pulpwood prices sold to third parties in wood procurement.

EBITDA decreased and amounted to EUR 1.0 (2.6) million. The decrease in EBITDA was mainly due to lower selling prices and the imbalance between the prices of sawn timber and wood raw material. Despite a slight stabilisation in the price of timber, the price of raw material remained high, weakening the profitability of sawn timber production. The EBITDA margin was 2.7 (7.4) per cent.

The demand for sawn timber remained moderate, while industrial stock levels were low. Construction activity remained at a low level.

The ramp-up of the new sawmill has progressed slower than expected and sawn timber production is exceptionally driven in three shifts in order to achieve the targeted production volumes. The old sawmill was closed according to plan at the end of December. Investments in the log yard and channel dryer proceeded as planned.

The prices of softwood logs have remained steadily high. In wood procurement, the raw material reserves and stocks were at a good level and the supply of raw materials has gone according to plan.

In the bioenergy market, demand has remained strong, and the scarcity of energy fractions has been reflected in the further strengthening of market prices.

### Financial and operational development in January–December

Revenue decreased to EUR 122.4 (165.4) million.

EBITDA decreased and amounted to EUR 3.3 (41.6) million.

The decrease in production efficiency at the old sawmill and the inclusion of the production volumes of the sawmill leased in Kissakoski in the comparison period contributed to the decrease in the production volumes of the Sawn Timber Industry segment. The lease expired in July 2022.

The slowdown in the construction sector was clearly evident in the declining demand for the sawn timber products produced by the Sawn Timber Industry segment and low market prices. Sawmill production was centralised to the new line when the old sawmill was closed before Christmas.

## Panel Industry

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

EUR million	10–12 2023	10–12 2022	Change, %	1–12 2023	1–12 2022	Change, %
Revenue (external)	32.9	41.9	-21.5	148.8	152.1	-2.2
EBITDA	4.7	9.4	-50.4	29.3	29.3	0.0
EBITDA, %	14.1	22.4		19.7	19.2	
Personnel at the end of the period	638	637	0.2	638	637	0.2
Deliveries of panel products (excl. Kore), 1,000 m <sup>3</sup>	28.2	41.6	-32.3	137.0	171.9	-20.3

## Financial and operational development in October–December

Revenue decreased to EUR 32.9 (41.9) million. In particular, lower delivery volumes contributed to the decrease in revenue, while the average price remained at a good level.

EBITDA declined to EUR 4.7 (9.4) million. The weakening of EBITDA was affected by lower delivery volumes and a further increase in raw material costs. The decrease in production volumes also affected efficiency in production. In December, there were fewer production days than in the comparison period due to a longer maintenance shutdown and the modernisation of the drying line. The EBITDA margin was 14.1 (22.4) per cent.

Uncertainty and the decrease in economic activity had the strongest impact on the demand for chipboard. The demand for birch plywood remained stable. In the Kore business, demand strengthened year-on-year.

The availability of birch raw material continued to be limited, but it has not had an impact on the planned production volumes.

The new spindleless peeling line investment to improve material efficiency and raw material yield in production was commissioned as planned in December. In addition to material efficiency, the new peeling line enables the use of smaller log diameters in veneer manufacturing. The modernisation of the drying machine will also improve the yield of wood raw material used in the production of birch plywood.

The solar power plant completed in Järvelä was commissioned at the end of December. A total of 3,670 solar panels produce emission-free electricity for the plywood and chipboard mills located in the Tehdastie industrial area. Annually, the average share of solar electricity in the electricity used by the plywood and chipboard mills is approximately 4 per cent.

## Financial and operational development in January–December

Revenue decreased to EUR 148.8 (152.1) million.

EBITDA remained at the same level and amounted to EUR 29.3 (29.3) million.

The slowdown in the construction sector was clearly visible in the Panel Industry segment's construction customer segments, which particularly affected the demand for chipboard. The demand for birch plywood remained at a good level until the quieter season towards the end of the year. In the vehicle industry, the increase in general uncertainty was reflected as increased caution, especially among smaller operators, while basic demand remained stable.



## Strategy

The key themes of Koskisen's 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 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

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 employed an average of 888 (895) people in October–December 2023 and 883 (899) employees at the end of December.

## 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, 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 business areas and customer relationships, and the success of the ramp-up of production at the new sawmill. 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

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.

## 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*

The company holds 1,086 treasury shares.

### *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.

### *Flagging notifications*

The company did not receive any flagging notifications during the fourth 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, minimising emissions, 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. 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, as well as the company's performance indicators related to sustainability perspectives for 2023 in its Sustainability Report to be published on 18 April 2024 at the latest.

## **Annual General Meeting 2023**

Koskisen Corporation's Annual General Meeting was held on 11 May 2023 in Helsinki. 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 the company's 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 be paid based on the adopted balance sheet for the financial period 2022 and that the profit be recorded in retained earnings. The record date for the payment of the dividend was 15 May 2023, and the dividend was 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 the 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 the 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 Annual General Meeting confirmed the number of members of the Board of Directors as 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.

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

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

The Annual General Meeting decided to re-elect the authorised public accountant firm PricewaterhouseCoopers Oy as the company's auditor. PricewaterhouseCoopers Oy has indicated that it will appoint Markku Launis, Authorised Public Accountant, as the principally responsible auditor of the company. The Annual General Meeting decided to pay the auditor's fees according to an invoice approved by the company.

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

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

### *The organisational meeting of the Board of Directors*

In the organisational meeting held after the Annual 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 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, the labour market situation and general uncertainty are affecting Koskisen's operations and the demand for Koskisen's products. Forecasting of demand is also hampered by the end of deliveries of sawmill and plywood products from Russia in 2022 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 timber products in construction and logistics solutions is preferred on ecological grounds.

## **Events following the review period**

The company had no significant events after the period.

Helsinki, 15 February 2024

Board of Directors of Koskisen Corporation

## Financial information

Part corresponding to IAS 34

### Consolidated statement of comprehensive income

EUR thousand	Note	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
<b>Revenue</b>	2	<b>68,702</b>	<b>77,443</b>	<b>271,275</b>	<b>317,651</b>
Other operating income	3	1,380	840	4,050	4,316
Changes in inventories of finished goods and work in progress		-2,323	-1,656	922	-634
Change in fair value of forest assets		613	-12	870	-19
Materials and services		-40,488	-41,128	-156,769	-161,770
Employee benefit expenses		-11,578	-12,075	-46,890	-46,269
Depreciation, amortisation and impairments		-2,259	-1,967	-8,607	-8,083
Other operating expenses	3	-11,054	-13,600	-40,455	-47,025
<b>Operating profit (loss)</b>		<b>2,992</b>	<b>7,844</b>	<b>24,396</b>	<b>58,168</b>
Finance income	7	1,578	1,138	4,573	5,998
Finance costs	7	-1,767	-2,087	-4,910	-6,408
Finance costs, net		<b>-190</b>	<b>-949</b>	<b>-337</b>	<b>-410</b>
<b>Profit (loss) before income tax</b>		<b>2,802</b>	<b>6,894</b>	<b>24,059</b>	<b>57,757</b>
Income tax expense		-220	-1,873	-3,829	-11,784
<b>Profit (loss) for the period</b>		<b>2,583</b>	<b>5,021</b>	<b>20,230</b>	<b>45,973</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified to profit or loss</b>					
Translation differences		352	53	335	186
<b>Other comprehensive income for the period, net of tax</b>		<b>352</b>	<b>53</b>	<b>335</b>	<b>186</b>
<b>Total comprehensive income for the period</b>		<b>2,935</b>	<b>5,074</b>	<b>20,565</b>	<b>46,159</b>
<b>Profit (loss) for the period attributable to:</b>					
Owners of the parent		2,583	5,021	20,230	39,746
Non-controlling interests		-	-	-	6,227
<b>Profit (loss) for the period</b>		<b>2,583</b>	<b>5,021</b>	<b>20,230</b>	<b>45,973</b>
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the parent company		2,935	5,074	20,565	39,929
Non-controlling interests		-	-	-	6,230
<b>Total comprehensive income</b>		<b>2,935</b>	<b>5,074</b>	<b>20,565</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	6	0.11	0.26	0.88	2.48
Diluted earnings per share, EUR	6	0.11	0.25	0.87	2.47

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

## Consolidated balance sheet

EUR thousand	Note	Dec 31, 2023	Dec 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	97,508	76,275
Forest assets		3,599	2,731
Right-of-use assets		26,159	22,702
Intangible assets		1,308	923
Financial assets at fair value through profit or loss	7	960	1,752
Other receivables		11	79
Deferred tax assets		88	129
<b>Total non-current assets</b>		<b>129,634</b>	<b>104,590</b>
<b>Current assets</b>			
Inventories		37,544	34,174
Trade receivables	7	23,365	25,541
Other receivables		10,427	9,534
Financial assets at fair value through profit or loss	7	10,625	9,892
Income tax receivables		1,839	354
Deposits	7	20,000	-
Cash and cash equivalents	7	35,771	74,527
<b>Total current assets</b>		<b>139,571</b>	<b>154,022</b>
<b>TOTAL ASSETS</b>		<b>269,205</b>	<b>258,612</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	6	1,512	1,512
Legal reserve		16	16
Reserve for invested unrestricted equity	6	73,843	73,843
Treasury shares	6	-3	-
Cumulative translation difference		144	-191
Retained earnings		51,487	20,886
Result for the period		20,230	39,746
<b>Total equity attributable to owners of the parent company</b>		<b>147,229</b>	<b>135,811</b>
<b>Total equity</b>		<b>147,229</b>	<b>135,811</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	7	31,310	24,150
Lease liabilities	7	23,857	25,294
Defined benefit obligations		3,124	3,020
Deferred tax liabilities		5,697	3,734
Provisions		150	100
<b>Total non-current liabilities</b>		<b>64,138</b>	<b>56,299</b>
<b>Current liabilities</b>			
Borrowings	7	6,401	4,500
Lease liabilities	7	2,132	2,015
Advances received		639	756
Trade payables	7	25,411	32,263
Trade payables, payment scheme	7	7,396	7,316
Other payables		15,811	19,501
Income tax liabilities		13	130
Provisions		35	20
<b>Total current liabilities</b>		<b>57,838</b>	<b>66,501</b>
<b>Total liabilities</b>		<b>121,976</b>	<b>122,800</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>269,205</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	Share capital	Legal reserve	Reserve for invested unrestricted equity	Treasury shares	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, 2023</b>	1,512	16	73,843	-	-191	60,631	135,811	-	135,811
Profit (loss) for the period	-	-	-	-	-	20,230	20,230	-	20,230
<b>Other comprehensive income for the period</b>									
Cumulative translation difference	-	-	-	-	335	-	335	-	335
<b>Total comprehensive income</b>	-	-	-	-	335	20,230	20,565	-	20,565
<b>Transactions with owners:</b>									
Dividend distribution	-	-	-	-	-	-9,895	-9,895	-	-9,895
Share based compensation	-	-	-	-	-	751	751	-	751
Acquisition of treasury shares	-	-	-	-3	-	-	-3	-	-3
<b>Total transactions with owners</b>	-	-	-	-3	-	-9,144	-9,148	-	-9,148
<b>Equity at Dec 31, 2023</b>	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	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	-	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	-
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	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
<b>Cash flow from operating activities</b>					
<b>Profit (loss) for the period</b>		<b>2,583</b>	<b>5,021</b>	<b>20,230</b>	<b>45,973</b>
<b>Adjustments:</b>					
Depreciation, amortisation and impairment		2,259	1,967	8,607	8,083
Change in the fair value of the forest assets		-613	12	-870	19
Gains and losses from sale of subsidiaries	3	-	-0	-	-2,209
Gains and losses from sale of non-current assets	3	-59	-406	-328	-396
Interest and other financial income and expense	7	190	949	337	410
Income taxes		220	1,873	3,829	11,784
Change in other long-term employee benefits		-166	-878	-6	-678
Share based compensation		262	148	751	238
Other adjustments		143	2	134	0
<b>Adjustments total</b>		<b>2,237</b>	<b>3,668</b>	<b>12,454</b>	<b>17,251</b>
<b>Changes in net working capital:</b>					
Change in trade on other receivables		3,091	2,924	1,079	661
Change in trade and other payables		-954	7,152	-9,722	8,120
Change in inventories		-538	976	-3,266	3,527
Utilised provision		50	33	68	1
Interest received		506	161	1,417	163
Interest paid		-1,634	-1,152	-4,106	-9,227
Other financial items received		7	12	390	163
Arrangement fees and other financing costs paid		-123	-721	-201	-1,080
Income taxes paid		1,675	-1,318	-3,408	-18,326
<b>Net cash flow from operating activities</b>		<b>6,900</b>	<b>16,755</b>	<b>14,936</b>	<b>47,225</b>
<b>Cash flow from investing activities</b>					
Purchases of property, plant and equipment and intangible assets	5	-5,573	-5,431	-17,067	-22,046
Proceeds from sale of non-current assets		78	444	1,023	491
Payments for financial assets at fair value through profit or loss		-	-	-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		-	-	-	3,136
<b>Net cash from investing activities</b>		<b>-5,494</b>	<b>-4,986</b>	<b>-36,152</b>	<b>-18,418</b>
<b>Cash flow from financing activities</b>					
Proceeds from issue of shares		-	30,591	-	30,591
Acquisition of treasury shares	6	-	-	-3	-
Proceeds from borrowings	7	-	7,000	-	29,000
Repayment of borrowings	7	-2,500	-8,988	-4,500	-43,988
Proceeds from a change in a lease contract	7	-	-	-	3,000
Repayments of lease liabilities	7	-555	-1,711	-3,165	-3,511
Paid dividends		-	-	-9,895	-
<b>Net cash from financing activities</b>		<b>-3,055</b>	<b>26,892</b>	<b>-17,563</b>	<b>15,092</b>
<b>Net change in cash and cash equivalents</b>		<b>-1,650</b>	<b>38,660</b>	<b>-38,780</b>	<b>43,898</b>
Cash and cash equivalents at the beginning of the period		37,350	36,447	74,527	30,538
Effects of exchange rate changes on cash and cash equivalents		71	-580	24	91
<b>Cash and cash equivalents at the end of period</b>		<b>35,771</b>	<b>74,527</b>	<b>35,771</b>	<b>74,527</b>

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



## Notes to the Financial Statements Release

### 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 2023 figures in the financial statement release are unaudited. The figures for 2022 have been audited.

### 2. Segment information and revenue

#### Revenue by segments

EUR thousand	Oct 1 - Dec 31, 2023			Oct 1 - Dec 31, 2022			Jan 1 - Dec 31, 2023			Jan 1 - Dec 31, 2022		
	External	Internal	Total	External	Internal	Total	External	Internal	Total	External	Internal	Total
Panel industry	32,918	4	32,922	41,944	-	41,944	148,786	9	148,795	152,111	1,873	153,984
Sawn timber industry	35,757	6,178	41,935	35,466	5,553	41,019	122,400	24,823	147,223	165,426	23,637	189,063
<b>Segments total</b>	<b>68,675</b>	<b>6,182</b>	<b>74,857</b>	<b>77,410</b>	<b>5,553</b>	<b>82,963</b>	<b>271,186</b>	<b>24,832</b>	<b>296,018</b>	<b>317,537</b>	<b>25,510</b>	<b>343,048</b>
Other	27	130	157	33	159	192	89	577	666	114	581	695
Elimination of internal sales		-6,313	-6,313		-5,712	-5,712		-25,410	-25,410		-26,092	-26,092
<b>Total</b>	<b>68,702</b>	<b>-</b>	<b>68,702</b>	<b>77,443</b>	<b>-</b>	<b>77,443</b>	<b>271,275</b>	<b>-</b>	<b>271,275</b>	<b>317,651</b>	<b>-</b>	<b>317,651</b>

#### Revenue by geographical areas

EUR thousand	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
Finland	29,660	31,268	111,206	124,553
Japan	6,426	7,065	21,116	39,950
Germany	4,377	4,408	20,320	20,822
Poland	4,532	2,994	17,719	11,742
Other EU-countries	15,860	20,972	69,256	81,718
Other countries	7,846	10,736	31,658	38,866
<b>Total</b>	<b>68,702</b>	<b>77,443</b>	<b>271,275</b>	<b>317,651</b>

## EBITDA by segments

EUR thousand	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
Panel Industry	4,650	9,377	29,282	29,279
Sawn Timber Industry	978	2,622	3,274	41,557
<b>Segments total</b>	<b>5,628</b>	<b>11,998</b>	<b>32,556</b>	<b>70,835</b>
Other <sup>1)</sup>	2,381	-2,187	3,204	-4,747
Eliminations	-2,757	-	-2,757	162
<b>Total</b>	<b>5,252</b>	<b>9,811</b>	<b>33,003</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.

## Reconciliation of EBITDA to operating profit (loss)

EUR thousand	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
EBITDA	5,252	9,811	33,003	66,251
Depreciation, amortisation and impairments	-2,259	-1,967	-8,607	-8,083
<b>Operating profit (loss)</b>	<b>2,992</b>	<b>7,844</b>	<b>24,396</b>	<b>58,168</b>

## 3. Other operating income and expenses

EUR thousand	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
Gain on the sale of subsidiary	-	-	-	2,209
Sale of emission allowances	769	198	2,385	765
Gains on disposal of property, plant and equipment	78	352	484	396
Grants received	175	168	294	350
Firewood sales to forest owners	50	80	263	281
Realisation of electricity hedges	220	-	220	-
Compensations received	20	8	106	37
Lease income	35	23	93	99
Other	32	10	205	178
<b>Total</b>	<b>1,380</b>	<b>840</b>	<b>4,050</b>	<b>4,316</b>

EUR thousand	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
Sales freight and forwarding	-6,058	-7,243	-22,237	-28,297
IT expenses	-1,197	-1,235	-3,954	-3,302
Maintenance of property	-894	-1,106	-3,528	-3,820
Personnel related expenses	-429	-427	-1,972	-1,359
Administrative expenses	-243	-433	-1,595	-1,825
Consulting and administrative services	-521	-436	-1,431	-1,728
Travel expenses	-254	-283	-1,003	-752
Lease expenses	-252	-153	-809	-671
Marketing expenses	-240	-195	-732	-595
Sales commissions	-152	-195	-656	-902
R&D expenses	-234	-170	-640	-450
Listing expenses <sup>1)</sup>	-	-1,060	-	-1,830
Other expenses <sup>2)</sup>	-581	-663	-1,898	-1,493
	<b>-11,054</b>	<b>-13,599</b>	<b>-40,455</b>	<b>-47,025</b>

<sup>1)</sup> Expenses related to the listing on the main list of Nasdaq Helsinki Oy, other than those directly related to the issuance of new shares.

<sup>2)</sup> Other expenses include, for example expenses related to machines, equipment and vehicles, as well as losses on disposal of fixed assets.

#### 4. Share-based incentive plans

##### Share-based incentive plan 2022–2026

On 25 April 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.

On 13 April 2023, the 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). 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.

#### 5. 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	33	7,648	8,604	120	15,303	31,708
Disposals	-61	-1,613	-3,738	-825	-4	-6,241
Reclassifications	0	14,738	2,688	2,085	-24,044	-4,533
Translation differences	8	144	16	5	8	182
<b>Cost at Dec 31, 2023</b>	<b>2,714</b>	<b>82,158</b>	<b>102,648</b>	<b>7,446</b>	<b>18,004</b>	<b>212,970</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	-	-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
<b>Accumulated depreciation and impairment at Dec 31, 2023</b>	<b>-</b>	<b>-40,130</b>	<b>-71,096</b>	<b>-4,235</b>	<b>-</b>	<b>-115,462</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 Dec 31, 2023</b>	<b>2,714</b>	<b>42,028</b>	<b>31,551</b>	<b>3,211</b>	<b>18,004</b>	<b>97,508</b>

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).

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>

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).

## 6. Equity and earnings per share

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	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	9,000	-	9,000	-	-
Acquisition of treasury shares	-1,086	1,086	-	-	-
<b>Dec 31, 2023</b>	<b>23,010,573</b>	<b>1,086</b>	<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.

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.

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.

	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 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)	2,582,672	5,020,962	20,230,125	39,745,676
Weighted average number of shares outstanding during the period	23,010,573	19,520,624	23,010,189	16,043,440
Diluted weighted average number of shares outstanding during the period	23,182,346	19,716,203	23,182,729	16,069,899
<b>Basic earnings per share (EUR)</b>	<b>0.11</b>	<b>0.26</b>	<b>0.88</b>	<b>2.48</b>
<b>Diluted earnings per share (EUR)</b>	<b>0.11</b>	<b>0.25</b>	<b>0.87</b>	<b>2.47</b>

## 7. Financial assets and liabilities

		Dec 31, 2023	Dec 31, 2022
EUR thousand	Fair value hierarchy level	Carrying value	Carrying value
<b>Financial assets measured at amortised cost</b>			
Trade receivables	-	23,365	25,541
Deposits	-	20,000	-
Cash and cash equivalents	-	35,771	74,527
<b>Total financial assets measured at amortised cost</b>		<b>79,136</b>	<b>100,068</b>
<b>Financial assets measured at fair value through profit or loss</b>			
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
<b>Total financial assets measured at fair value through profit or loss</b>		<b>11,585</b>	<b>11,644</b>
<b>Financial liabilities measured at amortised cost</b>			
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
<b>Total financial liabilities measured at amortised cost</b>		<b>96,507</b>	<b>95,538</b>

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.

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, 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.

The fair value hierarchy levels are given in the table above.

Koskisen's loans from financial institutions contain covenants that have been fulfilled in the presented periods.

## Changes in financial liabilities

The most significant change in financial liabilities during the review period is associated with increases in loans related to the sawmill project. These are 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	2024	2025	2026	2027	2028	2029-	Total contractual cash flows	Carrying amount
<b>Dec 31, 2023</b>								
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 <sup>1)</sup>	7,437	-	-	-	-	-	7,437	7,396
<b>Total</b>	<b>45,704</b>	<b>12,759</b>	<b>16,841</b>	<b>5,811</b>	<b>5,639</b>	<b>28,559</b>	<b>115,312</b>	<b>96,507</b>

EUR thousand	2023	2024	2025	2026	2027	2028-	Total contractual cash flows	Carrying amount
<b>Dec 31, 2022</b>								
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 <sup>1)</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>Trade payables under the payment system are payable on demand, so the company reports them as short-term debt.

## Interest rate risk management

Koskisen's loans from financial institutions expose the group to cash flow 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 magnitude 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 offset the income state effects of the loan's interest rate changes, protecting the group from interest rate risk, even though the swaps are not one-to-one with the group's loans from financial institutions. The interest rate swap agreements are valid until 2025.

## Finance income and costs

EUR thousand	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022	Jan 1 - Dec 31, 2022
<b>Finance income</b>					
Interest income	709	163	2,299	163	163
Foreign exchange gains	85	353	879	1,470	1,470
Gains on capital redemption contracts	485	-	625	-	-
Gains on interest rate derivatives	234	296	606	3,010	3,010
Foreign currency gains on derivatives	65	283	162	1,161	1,161
Other finance income	-0	43	3	194	194
<b>Total</b>	<b>1,578</b>	<b>1,138</b>	<b>4,573</b>	<b>5,998</b>	<b>5,998</b>
<b>Finance costs</b>					
Interest expenses from lease liabilities	-510	-599	-2,079	-2,254	-2,254
Foreign exchange losses	-340	-895	-961	-1,259	-1,259
Interest expenses from borrowings	-528	-115	-934	-421	-421
Net losses on interest rate derivatives	-496	-325	-554	-396	-396
Foreign currency losses on derivatives	158	84	-175	-998	-998
Other financial expenses	-51	-238	-206	-1,081	-1,081
<b>Total</b>	<b>-1,767</b>	<b>-2,087</b>	<b>-4,910</b>	<b>-6,408</b>	<b>-6,408</b>
<b>Finance income and costs total</b>	<b>-190</b>	<b>-949</b>	<b>-337</b>	<b>-410</b>	<b>-410</b>

## 8. Contingent liabilities and liability commitments

EUR thousand	Dec 31, 2023	Dec 31, 2022
<b>Liabilities for which collaterals have been given</b>		
Loans from financial institutions	20,500	25,000
<b>Account and guarantee limits in use at the balance sheet date</b>		
Account limit	-	-
Guarantee limit	83	267
Real estate mortgages	307,200	307,200
Company mortgages	181,551	181,551
<b>Guarantees</b>		
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.



## 9. Related party transactions

EUR thousand	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
<b>Shareholders with significant influence <sup>1)</sup></b>				
Wages, salaries and pension costs	-20	-169	-86	-439
Lease income	-	-		2
Income from sale of property, plant and equipment	81	400	881	400
Interest expense	-	-66	-	-304
<b>Total</b>	<b>61</b>	<b>165</b>	<b>794</b>	<b>-341</b>

<sup>1)</sup> 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 purchase prices were based on external estimates.

## 10. Changes in the group structure

Koskisen has previously announced that it will divest its business operations in Russia. 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.

## 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.

## 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	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
<b>Items affecting comparability</b>				
Costs related to the Reorganisation	294	42	326	430
The gain (-) or loss (+) from sale of businesses or significant fixed assets	-81	-276	-190	-2,485
Costs related to the Listing	-	1,176	-	2,428
<b>Items affecting comparability</b>	<b>214</b>	<b>942</b>	<b>137</b>	<b>373</b>

EUR thousand	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
<b>EBITDA</b>				
Operating profit (loss)	2,992	7,844	24,396	58,168
Depreciation, amortisation and impairments	2,259	1,967	8,607	8,083
<b>EBITDA</b>	<b>5,252</b>	<b>9,811</b>	<b>33,003</b>	<b>66,251</b>

EUR thousand	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
<b>EBITDA margin</b>				
EBITDA	5,252	9,811	33,003	66,251
Revenue	68,702	77,443	271,275	317,651
<b>EBITDA margin, per cent</b>	<b>7.6 %</b>	<b>12.7 %</b>	<b>12.2 %</b>	<b>20.9 %</b>

EUR thousand	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
<b>Adjusted EBITDA</b>				
Operating profit (loss)	2,992	7,844	24,396	58,168
Depreciation, amortisation and impairments	2,259	1,967	8,607	8,083
Items affecting comparability	214	942	137	373
<b>Adjusted EBITDA</b>	<b>5,465</b>	<b>10,753</b>	<b>33,140</b>	<b>66,624</b>

EUR thousand	Oct 1 - Dec 31, 2023	Oct 1 - Dec 31, 2022	Jan 1 - Dec 31, 2023	Jan 1 - Dec 31, 2022
<b>Adjusted EBITDA margin</b>				
Adjusted EBITDA	5,465	10,753	33,140	66,624
Revenue	68,702	77,443	271,275	317,651
<b>Adjusted EBITDA margin, per cent</b>	<b>8.0 %</b>	<b>13.9 %</b>	<b>12.2 %</b>	<b>21.0 %</b>