

Koskisen Corporation

Half-Year Report

1 January–30 June 2023

Koskisen's profitability was good considering the market situation – the Panel Industry business segment continued its strong profit performance

April–June 2023 in brief

- Revenue decreased to EUR 73.9 (94.0) million.
- EBITDA decreased to EUR 13.8 (30.1) million.
- The EBITDA margin was 18.6 (32.0) per cent.
- Adjusted EBITDA amounted to EUR 13.7 (28.1) million.
- The adjusted EBITDA margin was 18.5 (29.9) per cent.
- Operating profit amounted to EUR 11.7 (28.0) million and was 15.9 (29.8) per cent of revenue.
- The profit for the financial period amounted to EUR 9.8 (21.8) million.
- Basic earnings per share were EUR 0.43 (1.86).
- Diluted earnings per share were EUR 0.42 (1.86).

January–June 2023 in brief

- Revenue decreased to EUR 147.1 (172.8) million.
- EBITDA decreased to EUR 26.4 (46.1) million.
- The EBITDA margin was 18.0 (26.7) per cent.
- Adjusted EBITDA amounted to EUR 26.3 (44.3) million.
- The adjusted EBITDA margin was 17.9 (25.6) per cent.
- Operating profit amounted to EUR 22.4 (42.0) million and was 15.2 (24.3) per cent of revenue.
- The profit for the financial period amounted to EUR 18.6 (33.8) million.
- Basic earnings per share were EUR 0.81 (3.36).
- Diluted earnings per share were EUR 0.80 (3.36).

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	4–6 2023	4–6 2022	Change, %	1–6 2023	1–6 2022	Change, %	1–12 2022
Revenue	73.9	94.0	-21.4	147.1	172.8	-14.9	317.7
EBITDA	13.8	30.1	-54.2	26.4	46.1	-42.7	66.3
EBITDA margin, %	18.6	32.0		18.0	26.7		20.9
Adjusted EBITDA	13.7	28.1	-51.4	26.3	44.3	-40.6	66.6
Adjusted EBITDA margin, %	18.5	29.9		17.9	25.6		21.0
Operating profit (EBIT)	11.7	28.0	-58.2	22.4	42.0	-46.7	58.2
Operating profit (EBIT) margin, %	15.9	29.8		15.2	24.3		18.3
Profit for the period	9.8	21.8	-54.9	18.6	33.8	-45.0	46.0
Basic earnings per share, EUR	0.43	1.86		0.81	3.36		2.48
Diluted earnings per share, EUR	0.42	1.86		0.80	3.36		2.47
Gross investments	6.2	8.5		14.7	12.1		26.6
Equity per share, EUR				6.3	5.3		5.9
Return on capital employed (ROCE), %				22.2	N/A		35.7
Working capital, end of period				39.7	46.7		28.9
Net cash flow from operating activities				6.5	15.6		47.2
Equity ratio, %				57.4	45.6		52.7
Gearing, %				-8.1	24.5		-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:

In spite of the subdued market conditions, the second quarter of the year was a good period for Koskisen, as the Group's profit performance remained largely unchanged from the first months of the year. Although profitability declined compared to the record-breaking reference period, with adjusted EBITDA amounting to EUR 13.7 (28.1) million, it improved slightly from the first quarter of the year. The adjusted EBITDA margin in the second quarter was 18.5% (29.9%).

Uncertainty in the operating environment continues, particularly in the construction sector, which naturally has an effect on demand. In spite of the challenging market conditions, the sales of the wood products manufactured by Koskisen have been good and in line with plans.

We can be very satisfied with the performance of the Panel Industry segment in the second quarter. Profitability improved in all product categories as the segment achieved an EBITDA of EUR 12.2 (8.4) million. The production of panel products has gone according to plan, and demand has been strong, particularly for plywood products.

In the Panel Industry segment, installation work on the new veneer peeling line began slightly ahead of schedule. The aim is to deploy the new veneer peeling line in the latter part of the year. It will improve the efficiency of wood use at the plywood mill and upgrade the manufacturing process. The Panel Industry segment has begun preparations for starting the commercial scale production of Zero, a completely wood-based furniture board, during the second half of the year. Interest in the world's first completely wood-based furniture board has remained high.

The profitability of the Sawn Timber Industry segment was at a weak level, but it can be considered satisfactory in light of the current situation in the industry. Sawn timber production has been maintained at the normal level, and there was no reason to limit production in the second quarter either. Inventory levels have remained moderate due to active sales efforts. While the sales prices agreed for the second quarter initially showed a rising trend, they subsequently turned to a decline and began approaching the levels seen in the first quarter.

The start-up of the new sawmill took place at the beginning of July, as planned. The project was completed on schedule and on budget, which is an excellent achievement in the current operating environment of high inflation. The new sawmill will significantly improve the productivity of the Sawn Timber Industry segment from the beginning of next year: it will present opportunities for improving production efficiency and expanding the sawn timber market through the introduction of new products.

As decided in August, we will continue to develop sawn timber production by building a new log yard at the sawmill, complete with related functions. The investment of approximately EUR 15 million will provide significant support for the Sawn Timber Industry segment's growth strategy and make it possible to develop the new sawmill into Finland's most competitive production facility of its kind. The new functions include state-of-the-art measurement technology and increased sorting capacity, which will further improve the qualitative and quantitative yield of raw material. The investment also significantly reduces CO2 emissions related to the company's internal logistics. The construction of the previously announced new channel dryer also started in July as part of the segment's growth strategy.

Koskisen's wood procurement has gone according to plan despite the continued tight market situation. The price of softwood logs is high relative to the market situation, which is a challenge for the Sawn Timber Industry segment. In spite of the weakened situation in the sawn timber market, the prices of softwood logs have been rising in Finland, unlike in the key competitor countries. With regard to wood harvesting and transport costs, the sharpest rise in prices has levelled off.

We are systematically promoting the overall sustainability of our operations: we announced an investment of approximately EUR 1.6 million in a solar power plant in Järvelä. The investment, which supports the Group's green transition, will consist of 3,670 solar panels that will produce electricity for the plywood and particle board mills located in the Tehdastie industrial area. The investment will also increase the share of renewable energy in our electricity consumption. The heat energy required by the Group was already 96% bioenergy-based in 2022. We believe that there will be continued demand for sustainably manufactured products with a long-term carbon binding impact.

Market situation

Russia's war of aggression in Ukraine also has 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. 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. While the sales prices of sawn timber initially showed a rising trend in the second quarter, they subsequently turned to a decline and began approaching the levels seen in the first quarter. Koskisen has managed to keep production running normally due to active sales efforts. 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

April–June 2023

Consolidated revenue declined in April–June and amounted to EUR 73.9 (94.0) million. The decrease in revenue was mainly due to the decrease in the prices of sawn timber caused by the global market situation, the lower level of construction activity, and lower volumes when compared to the reference period.

Adjusted EBITDA declined to EUR 13.7 (28.1) million. The decrease in EBITDA was mainly due to the fall in the selling prices of sawn timber and lower volumes. The price of wood raw material has also remained high.

Operating profit came to EUR 11.7 (28.0) million. Depreciation, amortisation and impairment amounted to EUR 2.1 (2.1) million. Profit before income tax amounted to EUR 12.3 (27.2) million and income tax for the period to EUR 2.5 (5.4) million. The profit for the financial period came to EUR 9.8 (21.8) million and earnings per share were EUR 0.43 (1.86).

January–June 2023

Consolidated revenue declined in January–June and amounted to EUR 147.1 (172.8) million. The decrease in revenue was mainly due to the decrease in the prices of sawn timber caused by the global market situation, the lower level of construction activity, and lower volumes when compared to the reference period, which was compensated for by the good demand and continued strong price level of panel products.

Adjusted EBITDA declined to EUR 26.3 (44.3) million. The decrease in EBITDA was mainly due to the negative development of the market prices of sawn timber and lower volumes. The prices of wood raw materials, in particular, remained at a higher level than in the comparison period.

Operating profit came to EUR 22.4 (42.0) million. Depreciation, amortisation and impairment amounted to EUR 4.0 (4.1) million. Profit before income tax amounted to EUR 22.6 (42.0) million and income tax for the period to EUR 4.0 (8.2) million. The profit for the financial period came to EUR 18.6 (33.8) million and earnings per share were EUR 0.81 (3.36).

Balance sheet, cash flow and financing

At the end of the review period, Koskisen's equity ratio was 57.4 (45.6) per cent and gearing was -8.1 (24.5) per cent.

Cash flow from operating activities for January–June amounted to EUR 6.5 (15.6) million. The effect of the change in working capital was EUR -15.5 (-5.2) million. The change in net working capital was in large part normal periodic fluctuation. At year end 2022 there were some items related to IPO open in accounts payable. Cash flow from financing activities amounted to EUR -13.8 (-16.9) million. Cash flow from investment activities came to EUR -21.4 (-6.7) million.

Interest-bearing liabilities at the end of the period amounted to EUR 59.2 (55.8) million, and liquid assets totalled EUR 70.9 (33.1) million. Interest-bearing net liabilities amounted to EUR -11.8 (22.8) million.

Koskisen's liquidity has remained strong. At the end of the review period, available liquidity amounted to EUR 70.9 (33.1) million, comprising cash and cash equivalents of EUR 45.9 (23.2) million, deposits of EUR 15.0 (0.0) million and fund investments of EUR 10.0 (9.9) million.

Investments

Gross investments for April-June amounted to EUR 6.2 (8.5) million, and for January–June to EUR 14.7 (12.1) million. The construction of the new wood processing unit in Järvelä accounted for a significant proportion of the increase in investments. Advance payments and construction in progress include EUR 30.1 million related to the construction of the new sawmill, of which the increases in January–June amounted to EUR 11.7 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 for Koskisen's leased and other nearby heat and power plants.

EUR million	4–6 2,023	4–6 2022	Change, %	1–6 2023	1–6 2022	Change, %	1–12 2,022
Revenue (external)	29.6	53.4	-44.5	61.7	97.1	-36.5	165.4
EBITDA	1.7	23.2	-92.8	3.2	32.8	-90.1	41.6
EBITDA, %	5.7	43.5		5.3	33.8		25.1
Personnel at the end of the period	200	194	3.1	200	194	3.1	190
Deliveries of sawn timber and processed products, 1,000 m ³	71.6	85.4	-16.2	140.0	163.8	-14.5	304.2

Financial and operational development in April–June

Revenue decreased to EUR 29.6 (53.4) million. The decrease in revenue was mainly due to the decrease in the prices caused by the global market situation, the lower level of construction activity, and the somewhat lower volumes when compared to the reference period. The reason for the reduction in volume was the elimination of the production 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. The declined production efficiency of the old sawmill in Järvelä has also had a slight impact on the decline in volumes.

EBITDA decreased to EUR 1.7 (23.2) million. The decline in EBITDA was mainly due to the decreased selling prices and lower volumes. The price of wood raw material has also remained high. The EBITDA margin was 5.7 (43.5) per cent.

While the sales prices of sawn timber products agreed for the second quarter initially showed a rising trend, they subsequently turned to a decline and began approaching the levels seen in the first quarter. The demand for sawn timber remained moderate during the first half of the year. The levelling off of demand is related to the weakened demand in the construction sector.

The production of sawn timber products in the new wood processing unit started at the beginning of July, as planned. The unit is expected to be operating at full capacity at the beginning of 2024. The new unit will significantly improve the productivity of the Sawn Timber Industry segment from the beginning of next year.

The 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 our own procurement has gone according to plan. With regard to birch logs, the snow reserves accumulated in the spring meant that birch plywood production resumed as normal in August following the summer maintenance shutdown.

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

Financial and operational development in January–June

Revenue decreased to EUR 61.7 (97.1) million.

EBITDA decreased to EUR 3.2 (32.8) million.

The slowdown in the construction sector is clearly evident in the declining demand in the Sawn Timber Industry segment. The production of sawn timber has continued normally in spite of the weakened demand, and inventory levels have remained low thanks to active sales efforts.

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 Kore brand.

EUR million	4–6 2,023	4–6 2,022	Change, %	1–6 2023	1–6 2022	Change, %	1–12 2,022
Revenue (external)	44.2	40.7	8.8	85.3	75.6	12.8	152.1
EBITDA	12.2	8.4	45.6	22.0	13.7	61.3	29.3
EBITDA, %	27.6	20.6		25.8	18.1		19.2
Personnel at the end of the period	650	648	0.3	650	648	0.3	637
Deliveries of panel products (excl. Kore), 1,000 m ³	40.8	45.2	-9.7	79.4	87.6	-9.4	163.7

Financial and operational development in April–June

Revenue increased to EUR 44.2 (40.7) million. The increase in revenue was mainly driven by continued strong customer demand and the improved average price of the higher quality products produced by Koskisen.

EBITDA improved substantially and amounted to EUR 12.2 (8.4) million. The improvement in EBITDA was particularly supported by the favourable development of the average prices of products, the price increases of raw materials levelling off, and the optimisation of product-specific and customer-specific profitability. The EBITDA margin was 27.6 (20.6) per cent.

In particular, the demand for birch plywood products remained good in the second quarter. The demand for particle board levelled off relative to the comparison period due to the weakening of economic activity and increased general economic uncertainty. In the Kore business, demand improved year-on-year.

The availability of birch raw material was stable in the first half of the year. Thanks to the raw material inventories accumulated during the early part of the year, production resumed as normal in August following the summer maintenance shutdown.

The company's own measures to enhance the utilisation of raw material are progressing according to plan: construction on the new veneer peeling line is under way and moving ahead as planned. The aim is to have the new line in production use in late 2023.

Financial and operational development in January–June

Revenue increased to EUR 85.3 (75.6) million.

EBITDA improved to EUR 22.0 (13.7) million.

The slowdown in the construction sector is reflected in demand levelling off in the Panel Industry segment. Nevertheless, the demand for higher value-added products has remained good in other customer segments and end uses. In the vehicle industry, there is still basic demand for fleet replacement, but new investments in increased capacity are cautious at present. Supply chains in the vehicle industry have not fully recovered from the production disruptions caused by component shortages.

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 917 (947) employees in April–June 2023 and 926 (918) employees at the end of June. The number of employees at the end of June 2022 was reduced by the divestment of the Russian unit.

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 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, 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

Koskinen stopped importing wood from Russia in March 2022. Since then, wood has been procured entirely from Finland. In 2022, 1.4 per cent (birch) of the raw material was imported from Russia.

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 30 June 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 holds 1,086 treasury shares.

Share price and turnover

A total of 1,108,416 of the company's shares were traded on the Helsinki Stock Exchange between 1 January and 30 June 2023, corresponding to 4.8 per cent of the total number of shares. The highest share price was EUR 6.80 and the lowest EUR 6.00. The average price of the shares traded was EUR 6.46. The share turnover was EUR 7,157,271. At the end of the review period, the market capitalisation of the company was EUR 147,734,851.

Flagging notifications

The company did not receive any flagging notifications during the second 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

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 year 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 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 review period

On 5 July 2023, Koskisen announced it had acquired a total of 1,086 shares of Koskisen Corporation in accordance with the terms of the minority shareholders' agreement at a purchase price of EUR 3.00 per share. Originally, the shares were subscribed in a personnel offering carried out in September 2022. After the share acquisition, Koskisen Corporation holds 1,086 treasury shares.

Helsinki, 25 August 2023

Board of Directors of Koskisen Corporation

Financial information

Part corresponding to IAS 34

Consolidated statement of comprehensive income

EUR thousand	Note	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2023	Jan 1 - Jun 30, 2022	Jan 1 - Dec 31, 2022
Revenue	2	73,888	94,050	147,080	172,803	317,651
Other operating income	3	963	2,524	2,458	3,402	4,316
Changes in inventories of finished goods and work in progress		-1,083	583	1,788	2,635	-634
Change in fair value of forest assets		523	-67	193	-55	-19
Materials and services		-37,954	-42,644	-79,574	-85,993	-161,770
Employee benefit expenses		-12,651	-12,833	-24,885	-24,013	-46,269
Depreciation, amortisation and impairments		-2,065	-2,070	-4,040	-4,118	-8,083
Other operating expenses		-9,906	-11,530	-20,650	-22,656	-47,025
Operating profit (loss)		11,715	28,013	22,370	42,005	58,168
Finance income	7	1,446	1,216	1,948	3,335	5,998
Finance costs	7	-873	-2,031	-1,749	-3,299	-6,408
Finance costs, net		573	-815	200	36	-410
Profit (loss) before income tax		12,288	27,198	22,569	42,041	57,757
Income tax expense		-2,464	-5,406	-3,963	-8,196	-11,784
Profit (loss) for the period		9,824	21,792	18,607	33,845	45,973
Other comprehensive income						
Items that may be reclassified to profit or loss						
Translation differences		150	473	146	474	186
Other comprehensive income for the period, net of tax		150	473	146	474	186
Total comprehensive income for the period		9,974	22,265	18,753	34,319	46,159
Profit (loss) for the period attributable to:						
Owners of the parent		9,824	18,886	18,607	27,617	39,746
Non-controlling interests		-	2,906	-	6,227	6,227
Profit (loss) for the period		9,824	21,792	18,607	33,845	45,973
Total comprehensive income for the period attributable to:						
Owners of the parent company		9,974	19,375	18,753	28,089	39,929
Non-controlling interests		-	2,890	-	6,230	6,230
Total comprehensive income		9,974	22,265	18,753	34,319	46,159
Earnings per share for profit attributable to the ordinary equity holders of the parent company:						
Basic earnings per share, EUR	6	0.43	1.86	0.81	3.36	2.48
Diluted earnings per share, EUR	6	0.42	1.86	0.80	3.36	2.47

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

Consolidated balance sheet

EUR thousand	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Property, plant and equipment	5	83,682	64,303	76,275
Forest assets		2,924	2,695	2,731
Right-of-use assets		26,074	26,655	22,702
Intangible assets		1,296	674	923
Financial assets at fair value through profit or loss	7	1,576	447	1,752
Other receivables		23	240	79
Deferred tax assets		105	60	129
Total non-current assets		115,680	95,074	104,590
Current assets				
Inventories		31,841	36,603	34,174
Trade receivables	7	28,621	34,208	25,541
Other receivables		5,949	5,851	9,534
Financial assets at fair value through profit or loss	7	10,032	9,867	9,892
Income tax receivables		337	9	354
Deposits	7	15,000	-	-
Cash and cash equivalents	7	45,904	23,185	74,527
Total current assets		137,684	109,724	154,022
TOTAL ASSETS		253,364	204,798	258,612
EQUITY AND LIABILITIES				
Equity				
Share capital	6	1,512	1,512	1,512
Legal reserve		16	16	16
Reserve for invested unrestricted equity	6	73,843	43,252	73,843
Cumulative translation difference		-45	98	-191
Retained earnings		51,047	20,639	20,886
Result for the period		18,607	27,617	39,746
Total equity attributable to owners of the parent company		144,980	93,133	135,811
Non-controlling interests		-	-	-
Total equity		144,980	93,133	135,811
Liabilities				
Non-current liabilities				
Borrowings	7	28,130	15,434	24,150
Lease liabilities	7	24,018	27,182	25,294
Derivative liabilities	7	-	491	-
Defined benefit obligations		3,182	3,818	3,020
Other payables		-	12	0
Deferred tax liabilities		3,923	2,584	3,734
Provisions		103	98	100
Total non-current liabilities		59,356	49,619	56,299
Current liabilities				
Borrowings	7	5,000	11,112	4,500
Lease liabilities	7	2,017	2,120	2,015
Advances received		570	435	756
Trade payables	7	18,560	22,205	32,263
Trade payables, payment scheme	7	7,567	7,274	7,316
Other payables		14,430	18,739	19,501
Income tax liabilities		824	160	130
Provisions		58	-	20
Total current liabilities		49,028	62,045	66,501
Total liabilities		108,385	111,664	122,800
TOTAL EQUITY AND LIABILITIES		253,364	204,798	258,612

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

Consolidated statement of changes in equity

EUR thousand	Attributable to owners of the parent company						Total equity attributable to owners of the parent company	Equity attributable to non-controlling interest	Total equity
	Share capital	Legal reserve	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings				
Equity at Jan 1, 2023	1,512	16	73,843	-191	60,631	135,811	-	135,811	
Profit (loss) for the period	-	-	-	-	18,607	18,607	-	18,607	
Other comprehensive income for the period									
Cumulative translation difference	-	-	-	146	-0	146	-	146	
Total comprehensive income	-	-	-	146	18,607	18,753	-	18,753	
Transactions with owners:									
Dividend distribution	-	-	-	-	-9,895	-9,895	-	-9,895	
Share based compensation	-	-	-	-	310	310	-	310	
Total transactions with owners	-	-	-	-	-9,585	-9,585	-	-9,585	
Equity at Jun 30, 2023	1,512	16	73,843	-45	69,653	144,980	-	144,980	

EUR thousand	Attributable to owners of the parent company						Total equity attributable to owners of the parent company	Equity attributable to non-controlling interest	Total equity
	Share capital	Legal reserve	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings				
Equity at Jan 1, 2022	1,512	16	-	-374	34,486	35,641	23,179	58,820	
Profit (loss) for the period	-	-	-	-	27,617	27,617	6,227	33,845	
Other comprehensive income for the period									
Cumulative translation difference	-	-	-	471	-	471	3	474	
Total comprehensive income	-	-	-	471	27,617	28,089	6,230	34,319	
Transactions with owners:									
Share issue (merger)	-	-	43,252	-	-13,842	29,409	-29,409	-	
Share based compensation	-	-	-	-	-5	-5	-	-5	
Total transactions with owners	-	-	43,252	-	-13,848	29,404	-29,409	-5	
Equity at Jun 30, 2022	1,512	16	43,252	98	48,256	93,133	0	93,133	

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, 2022		1,512	16	-	-374	34,486	35,641	23,179	58,820
Profit (loss) for the period		-	-	-	-	39,746	39,746	6,227	45,973
Other comprehensive income for the period									
Cumulative translation difference		-	-	-	183	-0	183	3	186
Total comprehensive income		-	-	-	183	39,746	39,929	6,230	46,159
Transactions with owners:									
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
Total transactions with owners		-	-	73,843	-	-13,601	60,242	-29,409	30,833
Equity at Dec 31, 2022		1,512	16	73,843	-191	60,631	135,811	-	135,811

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

Consolidated statement of cash flows

EUR thousand	Note	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2023	Jan 1 - Jun 30, 2022	Jan 1 - Dec 31, 2022
Cash flow from operating activities						
Profit (loss) for the period		9,824	21,792	18,607	33,845	45,973
Adjustments:						
Depreciation, amortisation and impairment		2,065	2,070	4,040	4,118	8,083
Change in the fair value of the forest assets		-523	67	-193	55	19
Gains and losses from sale of subsidiaries	3	-	-2,209	-	-2,209	-2,209
Gains and losses from sale of non-current assets	3	-146	-75	-275	-26	-396
Interest and other financial income and expense	7	-573	815	-200	-36	410
Income taxes		2,464	5,406	3,963	8,196	11,784
Change in other long-term employee benefits		53	67	106	133	-678
Other adjustments		153	-	303	-	238
Adjustments total		3,492	6,140	7,745	10,232	17,251
Changes in net working capital:						
Change in trade on other receivables		2,886	-1,166	-130	-4,040	661
Change in trade and other payables		-7,322	1,437	-17,795	-2,144	8,120
Change in inventories		8,286	6,619	2,420	1,001	3,527
Utilised provision		-9	-11	45	-21	1
Interest received		484	-6	621	1	163
Interest paid		-1,273	-6,394	-1,877	-7,116	-9,227
Other financial items received		461	-461	572	304	163
Arrangement fees and other financing costs paid		-439	-110	-645	-1,003	-1,080
Income taxes paid		-1,832	-6,960	-3,046	-15,451	-18,326
Net cash flow from operating activities		14,558	20,880	6,517	15,606	47,225
Cash flow from investing activities						
Purchases of property, plant and equipment and intangible assets	5	-3,594	-8,007	-7,242	-9,980	-22,046
Proceeds from sale of non-current assets		809	130	950	130	491
Payments for financial assets at fair value through profit or loss		-10,000	-	-10,000	-	-
Proceeds from financial assets at fair value through profit or loss		-	-	9,892	-	-
Investments in deposits		-5,000	-	-20,000	-	-
Repayment of deposits		5,000	-	5,000	-	-
Proceeds from sale of subsidiary		-	3,136	-	3,136	3,136
Net cash from investing activities		-12,785	-4,741	-21,399	-6,714	-18,418
Cash flow from financing activities						
Proceeds from issue of shares		-	-	-	-	30,591
Proceeds from borrowings	7	-	19,000	-	19,000	29,000
Repayment of borrowings	7	-2,000	-35,000	-2,000	-35,000	-43,988
Proceeds from a change in a lease contract	7	-	-	-	-	3,000
Repayments of lease liabilities	7	-1,665	-706	-1,862	-891	-3,511
Paid dividends		-9,895	-	-9,895	-	-
Net cash from financing activities		-13,560	-16,706	-13,757	-16,891	15,092
Net change in cash and cash equivalents		-11,787	27,365	-28,639	-7,998	43,898
Cash and cash equivalents at the beginning of the period		57,664	23,124	74,527	30,538	30,538
Effects of exchange rate changes on cash and cash equivalents		26	627	16	645	91
Cash and cash equivalents at the end of period		45,904	23,185	45,904	23,185	74,527

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

Notes to the Half-year report

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 Half-year report is unaudited.

2. Segment information and revenue

Revenue by segments

EUR thousand	Apr 1 - Jun 30, 2023			Apr 1 - Jun 30, 2022			Jan 1 - Jun 30, 2023			Jan 1 - Jun 30, 2022			Jan 1 - Dec 31, 2022		
	External	Internal	Total	External	Internal	Total	External	Internal	Total	External	Internal	Total	External	Internal	Total
Panel industry	44,248	2	44,251	40,651	751	41,403	85,334	4	85,337	75,624	1,873	77,498	152,111	1,873	153,984
Sawn timber industry	29,637	6,476	36,113	53,366	6,365	59,730	61,708	13,354	75,062	97,127	13,183	110,310	165,426	23,637	189,063
Segments total	73,885	6,479	80,364	94,017	7,116	101,133	147,042	13,358	160,400	172,752	15,056	187,808	317,537	25,510	####
Other	3	143	146	33	141	174	38	325	363	51	312	363	114	581	695
Elimination of internal sales		-6,622	-6,622		-7,257	-7,257		-13,683	-13,683		-15,368	-15,368		-26,092	-26,092
Total	73,888	-	73,888	94,050	-	94,050	147,080	-	147,080	172,803	-	172,803	317,651	-	317,651

Revenue by geographical areas

EUR thousand	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2023	Jan 1 - Jun 30, 2022	Jan 1 - Dec 31, 2022
Finland	26,865	34,226	58,669	67,144	124,553
Japan	4,978	17,428	9,634	25,718	39,950
Germany	5,977	5,802	11,538	11,225	20,822
Poland	1,881	1,245	6,256	6,435	11,742
Other EU countries	23,435	24,732	42,836	43,268	81,718
Other countries	10,751	10,616	18,147	19,013	38,866
Total	73,888	94,050	147,080	172,803	317,651

EBITDA by segments

EUR thousand	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2023	Jan 1 - Jun 30, 2022	Jan 1 - Dec 31, 2022
Panel sales	12,196	8,376	22,033	13,656	29,279
Sawn timber sales	1,681	23,212	3,249	32,844	41,557
Segments total	13,877	31,588	25,282	46,500	70,835
Other ¹⁾	-97	-1,668	1,128	-539	-4,747
Eliminations	-	162	-	162	162
Total	13,779	30,083	26,410	46,123	66,251

¹⁾ 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	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2023	Jan 1 - Jun 30, 2022	Jan 1 - Dec 31, 2022
EBITDA	13,779	30,083	26,410	46,123	66,251
Depreciation, amortisation and impairments	-2,065	-2,070	-4,040	-4,118	-8,083
Operating profit (loss)	11,715	28,013	22,370	42,005	58,168

3. Other operating income

EUR thousand	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2023	Jan 1 - Jun 30, 2022	Jan 1 - Dec 31, 2022
Gain on the sale of subsidiary	-	2,209	-	2,209	2,209
Sale of emission allowances	453	-	1,616	567	765
Gains on disposal of property, plant and equipment	283	-8	412	128	396
Grants received	52	166	52	166	350
Firewood sales to forest owners	25	30	167	128	281
Lease income	20	24	37	55	99
Insurance claims	-	-	-	-	2
Other	131	103	174	148	213
Total	963	2,524	2,458	3,402	4,316

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
Cost at Jan 1, 2023	2,734	61,241	95,078	6,061	26,741	191,854
Additions	32	384	65	40	14,136	14,657
Disposals	-63	-441	-284	-287	-4	-1,079
Reclassifications	-	33	588	1,793	-6,622	-4,208
Translation differences	6	100	24	3	5	137
Cost at Jun 30, 2023	2,708	61,316	95,471	7,611	34,255	201,361
Accumulated depreciation and impairment at Jan 1, 2023	-	-39,870	-71,297	-4,412	-	-115,579
Depreciation	-	-585	-1,744	-160	-	-2,489
Accumulated depreciation of disposals and reclassifications	-	119	284	-	-	403
Impairment	-	-	-	-	-	-
Translation differences	-	-18	6	-2	-	-14
Accumulated depreciation and impairment at Jun 30, 2023	-	-40,354	-72,752	-4,573	-	-117,679
Carrying value at Jan 1, 2023	2,734	21,370	23,781	1,650	26,741	76,275
Carrying value at Jun 30, 2023	2,708	20,962	22,720	3,038	34,255	83,682

The increases during the review period amounted to EUR 14.7 (12.1) million and were mainly related to the construction of the new wood processing unit in Järvelä. Advance payments and construction in progress include EUR 30.1 million related to the construction of the new sawmill, of which the increases during the review period amounted to EUR 11.7 million.

EUR thousand	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Cost at Jan 1, 2022	2,730	65,881	93,572	6,661	6,797	175,642
Additions	-0	1	653	4	11,416	12,074
Disposals	-55	74	-1	-	-21	-1
Reclassifications	-	12	44	-35	-51	-30
Translation differences	-2	-12	113	3	-10	93
Cost at Jun 30, 2022	2,674	61,508	91,745	5,923	18,132	179,982
Accumulated depreciation and impairment at Jan 1, 2022	-	-44,186	-71,252	-5,063	-	-120,500
Depreciation	-	-497	-1,789	-137	-	-2,423
Accumulated depreciation of disposals and reclassifications	-	-	-	-	-	-
Impairment	-	-20	-	-	-	-20
Translation differences	-	-14	-94	-2	-	-110
Accumulated depreciation and impairment at Jun 30, 2022	-	-40,384	-70,954	-4,342	-	-115,680
Carrying value at Jan 1, 2022	2,730	21,695	22,321	1,598	331	48,675
Carrying value at Jun 30, 2022	2,674	21,123	20,792	1,581	18,132	64,303

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

6. 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	-
Free share issue (split)	6,299,370	-	-
Share issue (merger)	2,532,294	-	43,252
Jun 30, 2022	8,832,294	1,512	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	-	-
Jun 30, 2023	23,011,659	1,512	73,843

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.

	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2023	Jan 1 - Jun 30, 2022	Jan 1 - Dec 31, 2022
Earning per share					
Profit (loss) for the period attributable to the owners of the parent company (EUR)	9,824,357	18,885,580	18,606,688	27,617,389	39,745,676
Weighted average number of shares outstanding during the period ¹⁾	23,011,659	10,171,453	23,009,769	8,211,615	16,043,440
Diluted weighted average number of shares outstanding during the period ¹⁾	23,169,390	10,171,712	23,122,939	8,211,745	16,069,899
Basic earnings per share (EUR)	0.43	1.86	0.81	3.36	2.48
Diluted earnings per share (EUR)	0.42	1.86	0.80	3.36	2.47

7. Financial assets and liabilities

		Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
EUR thousand	Fair value hierarchy level	Carrying value	Carrying value	Carrying value
Financial assets measured at amortised cost				
Trade receivables	-	28,621	34,208	25,541
Deposits	-	15,000	-	-
Cash and cash equivalents	-	45,904	23,185	74,527
Total financial assets measured at amortised cost		89,525	57,393	100,068
Financial assets measured at fair value through profit or loss				
Money market funds	1	-	9,867	9,892
Capital redemption contracts	1	10,032	-	-
Derivatives	2	1,563	224	1,528
Other assets measured at fair value through profit or loss	3	14	223	223
Total financial assets measured at fair value through profit or loss		11,608	10,314	11,644
Financial liabilities measured at amortised cost				
Loans from financial institutions	2	33,130	19,434	28,650
Capital loans	3	-	7,112	-
Lease liabilities	-	26,036	29,302	27,309
Trade payables	-	18,560	22,205	32,263
Trade payables, payment system	-	7,567	7,274	7,316
Total financial liabilities measured at amortised cost		85,293	85,327	95,538
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	2	-	491	-
Total financial liabilities measured at fair value through profit or loss		-	491	-

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.

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
Jun 30, 2023								
Loans from financial institutions ¹⁾	3,401	7,339	7,828	12,592	1,854	6,038	39,052	33,130
Lease liabilities	2,247	3,778	3,337	2,700	2,480	26,412	40,954	26,036
Trade payables	18,560	-	-	-	-	-	18,560	18,560
Trade payables, payment system ²⁾	7,682	-	-	-	-	-	7,682	7,567
Total	31,891	11,117	11,165	15,292	4,333	32,450	106,249	85,293

EUR thousand	2022	2023	2024	2025	2026	2027-	Total contractual cash flows	Carrying amount
Jun 30, 2022								
Loans from financial institutions ¹⁾	2,228	4,738	5,924	5,681	10,643	-	29,214	19,434
Capital loans ¹⁾	-	7,231	-	-	-	-	7,231	7,112
Lease liabilities	2,321	3,989	3,725	3,389	2,747	30,710	46,882	29,302
Derivative liabilities	434	10	-	48	-	-	491	491
Trade payables	22,205	-	-	-	-	-	22,205	22,205
Trade payables, payment system ²⁾	7,274	-	-	-	-	-	7,274	7,274
Total	34,462	15,968	9,650	9,118	13,390	30,710	113,298	85,819

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

¹⁾ Included in Borrowings in the balance sheet

²⁾ 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	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2023	Jan 1 - Jun 30, 2022	Jan 1 - Dec 31, 2022
Finance income					
Interest income	719	-6	1,081	1	163
Foreign exchange gains	385	1,333	526	1,533	2,348
Foreign currency gains on derivatives	-	-830	-	-	283
Gains on interest rate derivatives	307	666	307	1,740	3,010
Other finance income	34	53	34	61	194
Total	1,446	1,216	1,948	3,335	5,998
Finance costs					
Interest expenses from lease liabilities	-534	-556	-1,067	-1,112	-2,254
Foreign exchange losses	-237	-570	-519	-754	-2,257
Foreign currency losses on derivatives	-20	-243	-59	-243	-
Interest expenses from borrowings ¹⁾	0	246	0	-205	-421
Net losses on interest rate derivatives	4	-129	-	-205	-396
Other financial expenses	-86	-779	-104	-779	-1,081
Total	-873	-2,031	-1,749	-3,299	-6,408
Finance income and costs total	573	-815	200	36	-410

¹⁾Interest expenses from borrowings are capitalised fully for the sawmill investment for the period 1 January – 30 June 2023.

8. Contingent liabilities and liability commitments

EUR thousand	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Liabilities for which collaterals have been given			
Loans from financial institutions	23,000	17,000	25,000
Account and guarantee limits in use at the balance sheet date			
Account limit	-	-	-
Guarantee limit	83	267	267
Real estate mortgages	307,200	307,200	307,200
Company mortgages	181,551	181,551	181,551
Guarantees			
Advance payment, delivery, etc.			
Guarantees	83	267	267

Koskisen has committed to a total of EUR 22.7 million in payments related to investments. The commitments are mainly related to the financing of the new sawmill in Järvelä, as well as investments in the new channel dryer, solar power plant, and veneer peeling line.

9. Related party transactions

EUR thousand	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2023	Jan 1 - Jun 30, 2022	Jan 1 - Dec 31, 2022
Shareholders with significant influence*					
Wages, salaries and pension costs	-25	-188	-51	-312	-439
Lease income	-	-	-	2	2
Income from sale of property, plant and equipment	800	-	800	-	400
Interest expense	-	-79	-	-157	-304
Total	775	-267	749	-468	-341

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

Balances with related parties

EUR thousand	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Shareholders with significant influence			
Capital loan ¹⁾	-	4,536	-
Accrued interest of capital loan ¹⁾	-	71	-

¹⁾Included in Borrowings in the balance sheet

During the review period, the company sold a property to a member of the Board of Directors, who is a related party of the company. The purchase price was based on external estimates.

10. Significant events after the reporting period

The company has on 5 July 2023 acquired 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 a personnel offering carried out in September 2022. After the share acquisition, Koskisen Corporation holds 1,086 treasury shares.

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.

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

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	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2023	Jan 1 - Jun 30, 2022	Jan 1 - Dec 31, 2022
Items affecting comparability					
Costs related to the Reorganisation	-	134		273	430
The gain (-) or loss (+) from sale of businesses or significant fixed assets	-109	-2,209	-109	-2,209	-2,485
Costs related to the Listing	-	92	-	92	2,428
Items affecting comparability	-109	-1,982	-109	-1,844	373

EUR thousand	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2022	Jan 1 - Jun 30, 2022	Jan 1 - Jun 30, 2022
EBITDA					
Operating profit (loss)	11,715	28,013	22,370	42,005	58,168
Depreciation, amortisation and impairments	2,065	2,070	4,040	4,118	8,083
EBITDA	13,779	30,083	26,410	46,123	66,251

EUR thousand	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2022	Jan 1 - Jun 30, 2022	Jan 1 - Jun 30, 2022
EBITDA margin					
EBITDA	13,779	30,083	26,410	46,123	66,251
Revenue	73,888	94,050	147,080	172,803	317,651
EBITDA margin, per cent	18.6 %	32.0 %	18.0 %	26.7 %	20.9 %

EUR thousand	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2022	Jan 1 - Jun 30, 2022	Jan 1 - Jun 30, 2022
Adjusted EBITDA					
Operating profit (loss)	11,715	28,013	22,370	42,005	58,168
Depreciation, amortisation and impairments	2,065	2,070	4,040	4,118	8,083
Items affecting comparability	-109	-1,982	-109	-1,844	373
Adjusted EBITDA	13,670	28,100	26,301	44,279	66,624

EUR thousand	Apr 1 - Jun 30, 2023	Apr 1 - Jun 30, 2022	Jan 1 - Jun 30, 2022	Jan 1 - Jun 30, 2022	Jan 1 - Jun 30, 2022
Adjusted EBITDA margin					
Adjusted EBITDA	13,670	28,100	26,301	44,279	66,624
Revenue	73,888	94,050	147,080	172,803	317,651
Adjusted EBITDA margin, per cent	18.5 %	29.9 %	17.9 %	25.6 %	21.0 %