KOSKISEN

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Annual Report 2024

Woodwise is at the core of our operation

Being woodwise, we ensure that our growth supports the well-being of nature and the success of society. Woodwise means that we are aware that our success is tied to these relationships. Everything we do is based on this understanding. Koskisen's success is made possible by the partnership with nature, people connected to Koskisen and Finnish society as a whole. Machines will not run without the dedicated efforts of the entire Koskisen community; efforts that spring from well-being and vitality.

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

KOSKISEN

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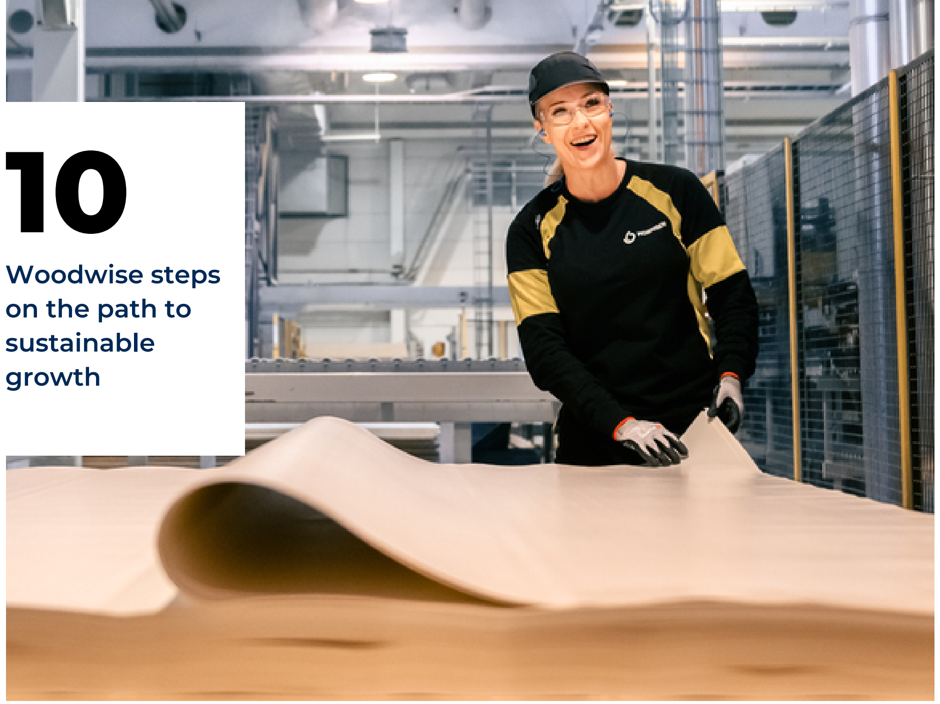


On the path to sustainable growth

Koskisen is an international wood processing company with more than a hundred years of history, known for its high quality, agility and ability to listen to the customer.

Koskisen is realising the green transition with the aim of creating value for its customers, employees, owners and society as a whole. We operate woodwisely: we understand the value of wood, use the wood entrusted to us with precision and constantly develop our ability to use wood. For us, the forest is a partner we respect. We respond sustainably to the growing demand in the global wood product market.

Of our businesses, the **Sawn Timber Industry** segment manufactures sawn timber and processed products. The **Panel Industry** segment produces plywood, thin plywood, veneer, chipboard and interior solutions for light commercial vehicles under the Kore brand.

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

We mainly source the wood we use from private forest owners in **Finland** and comply with the requirements of the PEFC and SFC chain of custody certificates. Koskisen's production plants are located in Järvelä and Hirvensalmi in Finland, as well as in Toporów and Skwierzyna in Poland.

We use the valuable wood raw material precisely, down to the last chip. We manufacture high-quality and sustainable biocircular products that bind carbon for decades.

282
MEUR
Revenue

60%
of revenue from international markets

24
MEUR
Adjusted EBITDA

943
number of employees

85%
of wood raw material certified

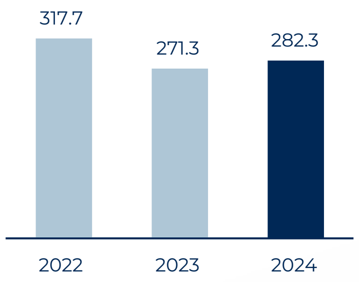
100%
of the wood procurement personnel trained in biodiversity

KEY FIGURES

Koskisen in numbers

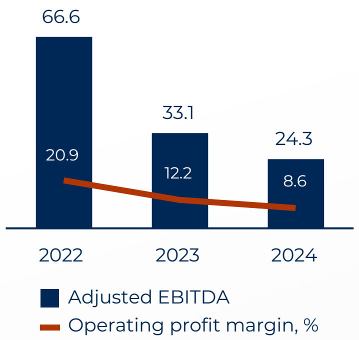
REVENUE

EUR million

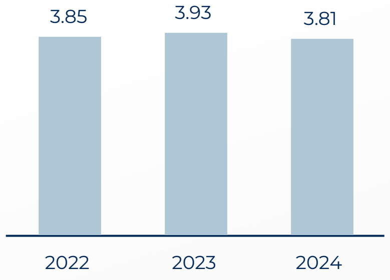


PROFITABILITY

EUR million, %

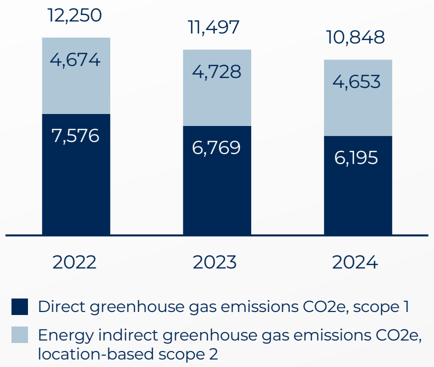


EMPLOYEE SATISFACTION SURVEY OVERALL INDEX

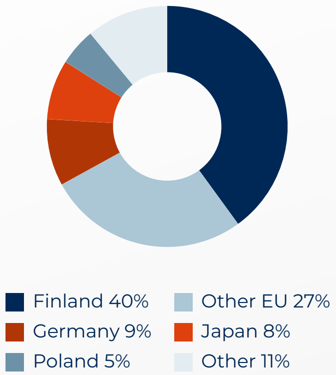


GREENHOUSE GAS EMISSIONS, SCOPE 1–2

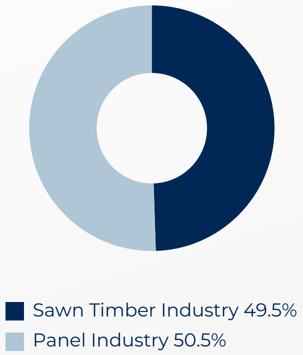
tCO_2-ekv



REVENUE BY GEOGRAPHICAL AREAS 2024



REVENUE BY SEGMENTS 2024*



* Share of external revenue

Woodwise trade in approximately

70

countries

Key events in 2024

Target for adjusted EBITDA margin averaging

15%

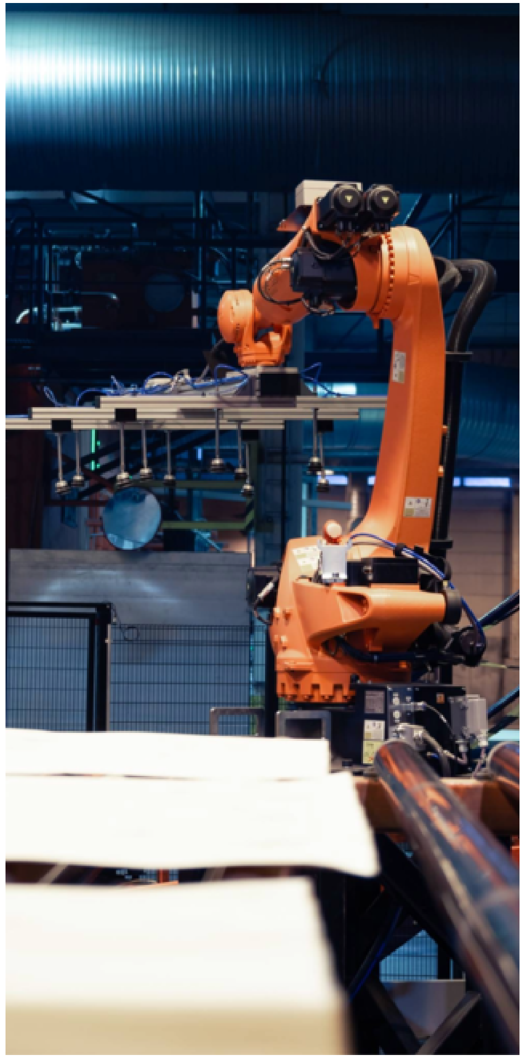
over the cycle

TOWARDS GROWTH WITH A NEW STRATEGY

Koskisen specified its growth paths and related measures for the current strategy period. The clarified strategy will support the growth leap pursued by Koskisen, which was set earlier, by the end of 2027. At the core of the clarified strategy is creating value for customers, developing current operations and taking bold steps.

KORE BUSINESS DOUBLES CAPACITY

Koskisen is investing approximately EUR 3 million in the Panel Industry business segment's Kore business that manufactures interior solutions for light commercial vehicles. The investment focuses on the new production unit in Skwierzyna, Poland established in 2024 and machinery, which will enable the production capacity to be more than doubled. Full production readiness was reached at the end of the year. At the same time, the ramp-up of production to reach industrial scale was launched.



NEW INVESTMENTS IMPROVE PRODUCTIVITY OF PANEL INDUSTRY

The company launched a comprehensive investment programme extending until 2027 to improve the productivity, quality and material yield of the Panel Industry business segment's plywood production at the Järvelä production plant. The investments enable volume growth, streamline production and in-house logistics and automate production phases. The first phase of the programme will be carried out in 2025 and the total value of the related investments will be approximately EUR 12 million.

The total value of the investment program in 2025 approximately

12

EUR million

NEW LOG YARD IMPROVES PRODUCTION

The development of the Sawn Timber Industry segment continued with the construction of a new log yard next to the new sawmill. The log yard was commissioned in early 2025. Following the completion of the log yard in Järvelä, all sawn timber operations are now located on the same plot. The arrangement enables a higher sorting capacity than before and significantly reduces transport costs and carbon footprint.

The sawmill and the development of related operations are the heart of our business and the enabler of our growth.

49.5%

of revenue from Sawn Timber Industry

THE SUSTAINABILITY PROGRAMME SUPPORTS THE GREEN TRANSITION

The company published a sustainability programme based on the results of the double materiality assessment and its material sustainability topics. The programme is linked to a more detailed strategy that focuses on creating value for customers by helping them to mitigate climate change and adapt to the future. Long-term carbon-binding products made from renewable raw materials play a significant role as part of the green transition that generates growing demand for wood and products made from it.

FOUR PRODUCT GROUPS RECEIVED THE NORDIC SWAN ECOLABEL

Four of Koskisen's chipboard product groups were awarded the Nordic Ecolabel, the Nordic Swan Ecolabel. It is awarded to products and services that meet stringent environmental requirements. The label makes it easier for consumers, companies and organisations to participate in the green transition. It is also significant in Koskisen's export trade. The Nordic Swan Ecolabelled products are KoskiMel E0.5 (8–36 mm), KoskiPan E0.5 (6–38 mm), ZeroPan (3.2–36 mm) and ZeroMel (8–36 mm).

The first steps of the growth strategy clear the path for the future

From our point of view, 2024 was a good year as a whole. Financially, we met our guidelines, even though the market situation remained challenging. Expectations of growth in construction were postponed, and the fall in interest rates was not yet reflected in consumer demand, as had been hoped, which was reflected in the demand for chipboard in particular in our Panel Industry segment. Overall market demand remained weak globally and was burdened by various political uncertainties.

Our growth strategy progressed as planned. We have already begun to see growth in volumes and profitability with the ramp-up of the new sawmill in Järvelä. The sawmill and the development of related operations are the heart and enabler of our entire integrated and synergistic business. By increasing sawing volumes, we ensure the availability of wood raw material also for Panel Industry needs. The new log yard was also completed on schedule and on budget. The operationally advanced yard enables even more precise timber measurement and sorting, which increases material efficiency. Combining operations on the same plot with the sawmill will make processes more efficient and significantly reduce emissions of logistics.

We have already begun to see growth in volumes and profitability with the ramp-up of the new sawmill in Järvelä.

A comprehensive EUR 12 million investment programme to support growth was launched in the Panel Industry business, which is the first step on the development journey extending to the end of 2027. It aims to improve the productivity, quality and yield of plywood production by automating production. The first phase will be implemented in 2025. Growth will also be driven by the new production unit of the Kore business in Skwierzyna, Poland, where the ramp-up of production to reach industrial scale was initiated.

The acquisition of the Iisveden Metsä business announced after the end of the financial year is a key part of our growth strategy, according to which we aim to increase the Group's revenue to EUR 500 million by the end of 2027 through organic and inorganic growth. Once completed, the acquisition will support both of these goals: it will directly increase the revenue of the Sawn Timber Industry segment by approximately one-third, while ensuring the availability of raw materials and enabling organic growth in the Panel Industry.

In raw material procurement, Koskisen invests in the sustainable use of forests. We require our local contractor partners to carefully comply with sustainability regulations and report on them, as the forest is a valuable source of our operations and we want to take care of it for the benefit of forest owners. Our corporate customers are becoming increasingly environmentally conscious and want transparency and information about, for example, the origin of wood, starting from the harvesting stage.

We made significant progress in our strategy for 2027 by further specifying our range of means of achieving growth. The clarification of the strategy structured our message to the market and our activities both externally and internally. We included the sustainability programme we published in 2024 as part of the measurement of strategic goals. The priorities identified through the double materiality analysis provide tools for goal-oriented sustainability management and its measures.

Sustainability-related themes open up growth opportunities in markets that are material to Koskisen. The green transition and the regulation that creates the conditions for it are the primary growth factors for wood products. Sustainably sourced wood is a fully renewable and key raw material in the fight against climate change. Reducing emissions from construction requires wood-based alternatives on an industrial scale, and as the share of wood increases, our market grows as a rule. By operating efficiently, we have all the opportunities to develop the company and grow. Our unique customer service plays a key role: we understand the customer's operations so that we can offer products that meet the customer's exact needs and also maximise the efficiency of the customer's processes.

> **The forest is a valuable source of our operations and we want to take care of it for the benefit of forest owners.**

I am pleased with our progress, even though we are only at the beginning of our strategy. Our range of methods is in place to clear an ambitious growth path.

I would like to thank our committed customers, partners and personnel for doing a good job and ensuring our successful progress despite the challenges of the market situation. We are in a strong position to take the next steps on the path to sustainable growth.

Jukka Pahta
Koskisen's CEO

Woodwise steps on the path to sustainable growth

Koskisen Corporation is a responsible and woodwise company worldwide. At Koskisen, woodwise is an all-encompassing philosophy of using wood. It is the critical partnership between people and the forest and knowing the true value of wood. Koskisen uses the wood entrusted to it with precision and constantly develops its ability to use wood. This means, for example, that we utilize by-products as raw material for our products as well as for energy in our production. We have also invested in the latest technology to ensure we can utilize all wood we use, up to the last particle of sawdust.

Sustainable development, increasing environmental awareness, urbanisation and increasing logistics volumes are driving the market and global demand for wood and wood products. We help our customers to succeed, mitigate climate change and adapt to the future with our products and services. Developing our own operations and value chain to be more sustainable through goal-oriented sustainability work is a key part of the strategy.

Wood is a sustainable, circular, renewable and carbon-binding raw material.

The market for wood products and the competitive situation

Koskisen operates in both local and global wood product markets, primarily in softwood sawn timber, birch plywood and chipboard. Global demand for wood products is expected to grow in the future. Koskisen's diverse product range reduces Koskisen's exposure to price and demand fluctuations of individual products and product categories. The availability of timber meeting market demand and raw material supply in areas important to Koskisen have realised as planned. Wood used in Koskisen's production was procured mainly from Finland in 2024.

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

Softwood sawn timber

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

Birch plywood

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

Chipboard

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

DEMAND DRIVERS

The reforming international and EU environmental regulation guides responsible construction towards a sustainable circular economy. At the same time, consumers are becoming increasingly environmentally conscious. Wood is a sustainable, circular, renewable and carbon-binding raw material that meets the changing needs of consumers, companies, society and regulations.

Wood products can be used to reduce the carbon footprint of new and renovated buildings. In Europe, renovation has seen steady growth, and demand for wood and wooden furniture has increased in both private and public construction and interior decoration.

As a result of globalisation, increasing logistics volumes and the strong growth of e-commerce increase the demand for light commercial vehicles such as trailers, trucks and vans. It is also increased by the electrification of older light commercial vehicles.

Risks

The Group's most significant short-term risks are related to the availability of raw materials and the management of price changes, negative changes in the general geopolitical situation, the general weakening of the market situation and its effect on market demand, the solvency of customers and the purchasing power of consumers, the delivery capability of suppliers and service providers, the labour market situation, the seasonality of operations, changes in customer relationships, and the success of the ramp-up of production at the new sawmill. Our risk analysis also includes sustainability matters, such as threats related to climate change and biodiversity, as well as risks related to the general market situation, but in general, there were no material changes in the risks affecting Koskisen's market environment.

Our strategy: Our woodwise progress towards renewable societies

The world is going through major changes. Even though we cannot influence everything, a new mindset is needed right now. Our goal is to increase our revenue to 500 million. Achieving this goal requires continuous renewal and diverse and bold development of operations.

How will we achieve growth?

Koskisen's growth leap will be achieved by creating value for the customer, developing current operations and taking bold steps.

We create value for our customers by helping them to succeed, mitigate climate change and adapt to the future with our products and services. We are developing our offering to serve new customer groups.

We aim to be the most attractive employer in our industry. This will not be possible if we do not continuously and diversely develop our current operations thoroughly. We invest in product development and the efficient implementation of new initiatives and expansions.

We actively strive to change the world and our industry for the better and create value for our customers, employees, shareholders and society at large. That is why we will take bold steps towards sustainable growth and a biocircular economy. We are investing in development and expanding our current production.

We want to be the most attractive employer in our industry. Machines cannot run without the efforts that arise from the well-being and vitality of the entire Koskisen community. This requires continuous and diverse renewal.

The global market needs high-quality wood products

Finnish forests offer the world valuable treasures. We respond to the growing demand in the global wood product market with our high-quality products, the vast market of which is constantly growing, driven by the green transition, urbanisation and the development of trade and transport.

Actions to promote strategic targets in 2024

Koskisen specified its strategic growth paths and related measures for the strategy period 2024–2027.

We continued to implement our strategy and the related increase in operational efficiency. The key measure was to ensure the production volumes of the sawmill in Järvelä, which was started at the end of 2023, and to achieve the targeted level as well as to improve shift-specific production efficiency.

The log yard investment, which is closely linked to the development of the Sawn Timber industry segment, progressed, and the yard was commissioned as planned in early 2025. The integrated system combining all sawmill functions improves the efficiency of the production process, significantly improves logistics, material and energy efficiency, and reduces carbon dioxide emissions from transport. The new channel dryer was completed and started production use in June 2024.

FINANCIAL TARGETS FOR 2027

GROWTH
Revenue of EUR 500 million for the end of 2027, including both organic and inorganic growth

PROFITABILITY
Adjusted EBITDA margin on average 15 per cent over the cycle

BALANCE SHEET
Maintaining a strong balance sheet

DIVIDEND POLICY
An attractive dividend of at least one-third of the net profit annually.

The expansion to increase the capacity of the Kore business in Poland, which promotes the growth of the Panel Industry segment, progressed according to plan so that full production readiness was achieved by the end of the year. The investment supports the expansion of the product portfolio of the Kore business to new end-use applications and the growth of the current market area. In addition, internal processes were developed and reorganised at Kore to achieve profitability targets. The expansion of the Kore business is one of the growth paths of the clarified strategy and aims for Kore's profitable growth through new products and customer relationships.

In December 2024, Koskisen launched a comprehensive investment programme in the plywood production of the Panel Industry business in Järvelä. The investment programme extends until the end of Koskisen's strategy period, i.e. 2027. The first phase of the investment programme will be carried out in 2025, and the total value of the related investments will be approximately EUR 12 million. The systematic investment programme of the Panel Industry segment will enable volume growth, streamline production and facilitate related internal logistics. The investments also include the automation of production phases.

As part of the strategy process, we set goals and indicators for key sustainability topics, which are monitored to develop operations in a goal-oriented and increasingly sustainable direction as part of operations. Koskisen's comprehensive sustainability programme was published at the end of June (summary on page 20). The development of sustainability work is based on the key sustainability aspects identified in the double materiality assessment work.

Woodwise is at the heart of our sustainable business. The entire value chain from wood harvesting to end products is designed around synergistic and sustainable material flows. Long-term carbon-binding wood products made from renewable raw materials play a significant role as part of the green transition, which creates growing demand for wood and products made from it.

Wood products for global needs

Koskisen processes sustainable, responsibly sourced wood raw material into high-quality products for customers in Finland and around the world. Its business segments are Sawn Timber Industry and Panel Industry.

Sawn Timber Industry

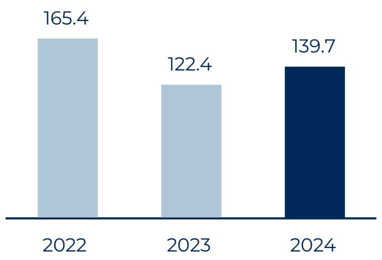
The Sawn Timber Industry segment provides sawn timber and processed products produced from high-quality wood raw material. The Sawn Timber Industry segment's revenue is comprised of sales of sawn timber and processed timber to end users in the construction industry (professionals and DIY) and companies in the packaging, carpentry and furniture sectors.

Sawn Timber Industry also includes a wood procurement function that procures raw materials for its own production and sells by-products to the pulp and paper industry and bioenergy power plants. Sawn timber and sawn products are sold in markets outside Finland, especially to Japan (JAS certificate).

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

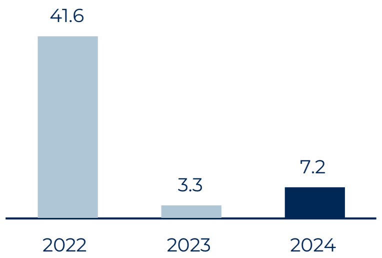
SAWN TIMBER INDUSTRY REVENUE

EUR million



SAWN TIMBER INDUSTRY EBITDA

EUR million



Sawn timber

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

Processed timber

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

Bioenergy

Koskisen supplies raw materials to several bioenergy plants in its surrounding areas – including those located at Koskisen's own production facilities.

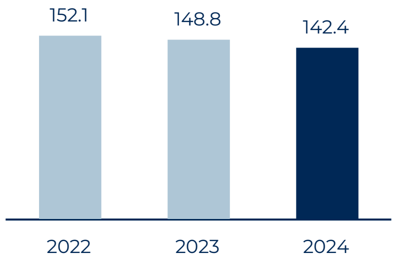
Wood procurement

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

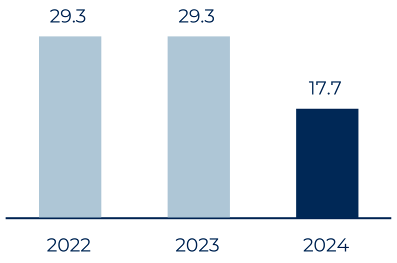
Panel industry

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

PANEL INDUSTRY REVENUE
EUR million



PANEL INDUSTRY EBITDA
EUR million



Plywood

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

Chipboard

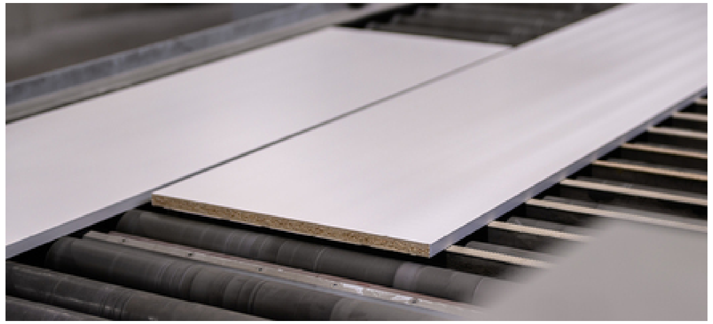
Koskisen produces a wide range of chipboard products from sawdust and wood chips generated as by-products in Koskisen's sawmills and birch plywood production. The chipboard products are manufactured at Koskisen's production plant in Järvelä, which is the only chipboard factory in Finland.

Thin plywood and veneer

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

Kore

Koskisen manufactures interior solutions for light commercial vehicles from Finnish plywood and other materials under the Kore brand. In 2024, the new production unit increased the production facilities of the Kore business from 3,000 m^2 to 8,000 m^2. The facilities enable the scalable expansion of production capacity to more than double. The investment supports the expansion of the product portfolio of the Kore business to new end-use applications and the growth of the current market area.



Customers

Koskisen's customers include the logistics, construction, automotive, stamping, furniture, interior decoration, packaging and chemical forest industries. Some of the products are also sold to wholesalers and distributors. Constructors are the most important end users of Koskisen's products, and Koskisen's panel products are widely used in the furniture industry.

Koskisen is the only company providing large enough sheets of quality thin plywood for us to do our work

– Yohan Alazet, BOILISÉ, France

The two things we especially appreciate about Koskisen is sustainable operations and reliable quality. Based on our experience, Koskisen's panels are clearly of the best quality. The panels are compact and uniform.

– Tero Känsäkoski, Nixi-kitchens, Finland

Koskisen has always been one of our favorite supplier. The reasons for that is good quality, what you say we can trust that. Bur most important is the excellent people that I am in contact to at Koskisen.

Good quality plywood, delivery on time. Will always be able to recommend you to colleagues.

Staff always friendly and easy to deal with. Questions answered quickly.

Exact following of contract agreement.

– Koskisen Customer Satisfaction Survey 2024

Sustainability at Koskisen

Koskisen’s operations are based on sustainable forestry and competent wood procurement, the processing of wood into bioeconomy products and the green transition, as well as creating added value for customers and other stakeholders. All operations are based on the customer’s needs and the quality perceived by the customer, as well as working in close cooperation with different stakeholders. We want to be a reliable partner with a face.

We consider the environment, human rights, local communities, networks and the entire supply chain in our management practices and when conducting business.

In 2024, we published a sustainability programme with targets based on a comprehensive double materiality assessment and sustainability themes that are material to us. The achievement of the targets is monitored using clear processes and indicators. We manage sustainability as an integral part of our strategy and operations.

Read more about our sustainability programme.

We use natural resources wisely and promote biodiversity

Sustainability throughout the value chain

We used a double materiality analysis to identify our impact across the value chain. Koskisen's impact on people and the environment is significant in the upstream value chain, where the impacts affect the procurement of raw materials and materials and transport to production plants. In our own production operations, the impacts affect our own workforce, contractors and environmental factors.

The comprehensive use of raw materials and the utilisation of side streams create positive impacts from a biocircular perspective. Koskisen has an impact in the downstream value chain on the customers' carbon handprint through the wood-based products it manufactures. The carbon handprint of the wood products produced by Koskisen, i.e. the amount of CO_2 emissions stored in wood for a long time, is more than twice as high as the amount of emissions generated in the manufacture of the products, i.e. the carbon footprint.

The carbon handprint of the wood products produced by Koskisen is more than twice as high as the carbon footprint of the products.

Focus area	Target	Metric	2024
We use natural resources wisely and promote diversity	Availability of high-quality, certified Finnish wood	88% certified wood raw material	87%
	Wood procurement in accordance with the forest environment programme	Monitoring in accordance with the forest environment programme	To be reported starting from 2025
	Increasing competence	Coverage of diversity training: personnel in wood procurement and contractors	Own personnel: 100% Contractors: 85%
We mitigate climate change and adapt to the future	Reduction of energy consumption and energy efficiency	Energy intensity MWh/m: -3–5% from baseline (2022: 0.60) Energy intensity MWh/revenue -5% from baseline (2022: 1,143 MWh/EUR million)	0.55 MWh/m^3 1,093 MWh/EUR million
	Increased use of renewable energy	Renewable energy share of heat 99%	97%
	Reducing emissions from our own operations	Scope 1 and 2 emissions -50% from baseline (2022: location based 180,810 tCO_2eq, market based 190,813 tCO_2eq)	171,838 tCO_2e (location-based) 167,185 tCO_2e (market-based)
	Reduction of value chain emissions	Scope 3 emissions -20% (2022: 168,560)	168,560 tCO_2e
	Increasing the carbon handprint tCO_2eq	Carbon dioxide bound to products tCO_2eq +30% (2022: 310,754 tCO_2e)	272,376 tCO_2e –12%
We invest in sustainable biocircular solutions	Efficient and optimised use of wood raw material	Wood raw material efficiency for long-lasting wood products 60%	50%
	Increasing the use of recycled material in chipboard production	Share of recycled material in chipboard raw material 5%	0%
	Innovating new circular solutions	Increase in product development resources (EUR) +10% (2022: EUR 0.3 million)	EUR 0.3 million
We are an attractive and fair employer	Reduction of accidents	Accident frequency rate LTA1 = 5	10
	Well-being and health of employees	Overall score in the well-being at work survey min. 4 Well-being at work survey response rate 90%	Overall score: 3.81 Response rate: 78%
	Competence development	Training hours/person 18 h	8.15 h
	Equal and non-discriminating work community	Developing awareness of diversity, equity and inclusion through internal training	-

Woodwise and sustainable value

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

> **The growing use of wood increases the demand for Koskisen’s sawn timber and plywood products internationally**

A strong position in growing markets

The growing use of wood increases the demand for Koskisen’s sawn timber and plywood products internationally. Koskisen products are exported to over 70 countries.

High-quality customised products

Koskisen is known for its customer orientation and quality across all customer segments.

A pioneer in integrated wood processing

The integrated operating model and synergistic operations enable high overall efficiency and profitable growth.

End-to-end sustainability

Koskisen operates wood-wisely in its value chain, taking sustainability factors into account as comprehensively as possible, from forest management to finished products.

Investments in profitable growth

Strategic investments to increase production volumes and efficiency strengthen competitive advantage and profitability.

Growth in shareholder value

Koskisen aims to generate sustainable value and distribute attractive dividends to its shareholders.

KOSKISEN

Koskisen's Corporate Governance Principles

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

Corporate Governance Statement

Provisions followed by the company and the Corporate Governance Code

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

The Company's decision-making and governance comply with the Finnish Limited Liability Companies Act, regulations concerning listed companies, the Company's Articles of Association and the rules and guidelines of Nasdaq Helsinki Ltd ("**Nasdaq Helsink**i") and other applicable legislation and regulations.

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

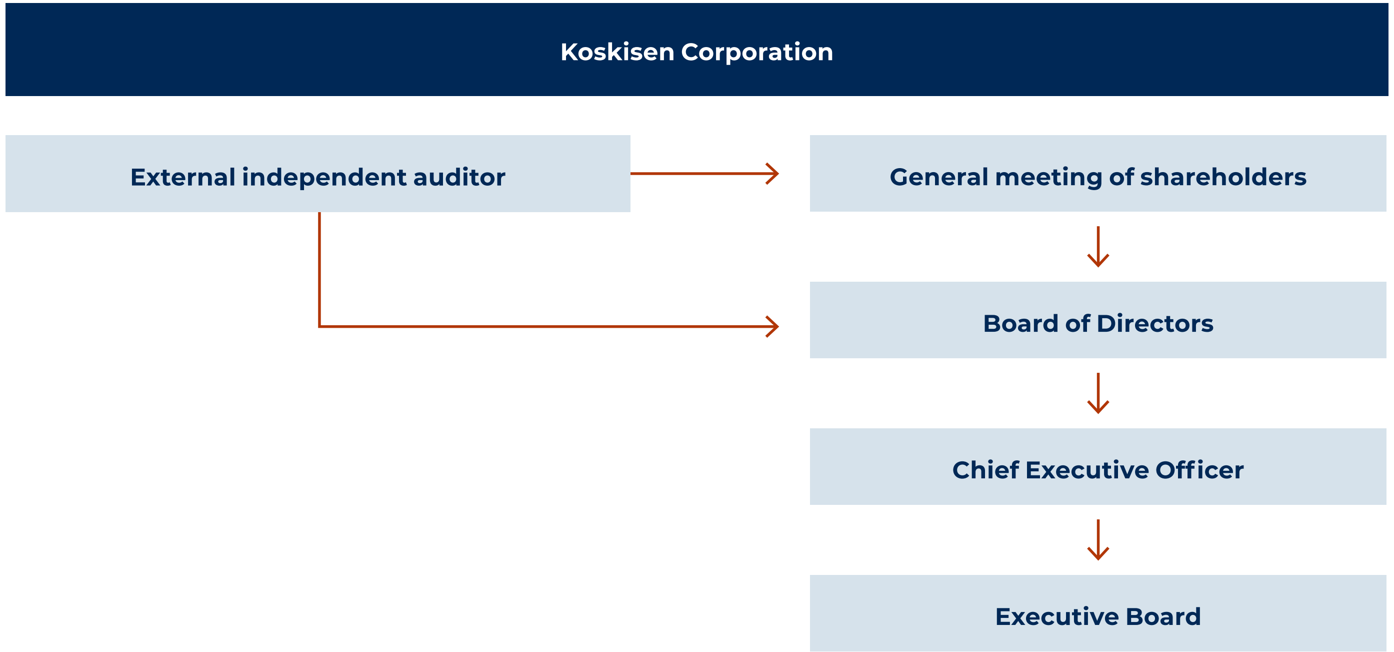
Group structure

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

Administration

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

The diagram below presents the administrative structure of Koskisen:



General meeting of shareholders

General

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

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

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

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

Annual General Meeting 2024
The Annual General Meeting 2024 was held on 16 May 2024.

Annual General Meeting 2025
Koskisen Corporation's Annual General Meeting 2025 will be held in Kärkölä on 15 May 2025.

Duties

The general meeting of shareholders resolves on matters which are to be reviewed by the general meeting under the Limited Liability Companies Act and the Articles of Association, such as:

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

Board of Directors

Duties and responsibility

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

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

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

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

Members

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

Chair

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

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

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

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

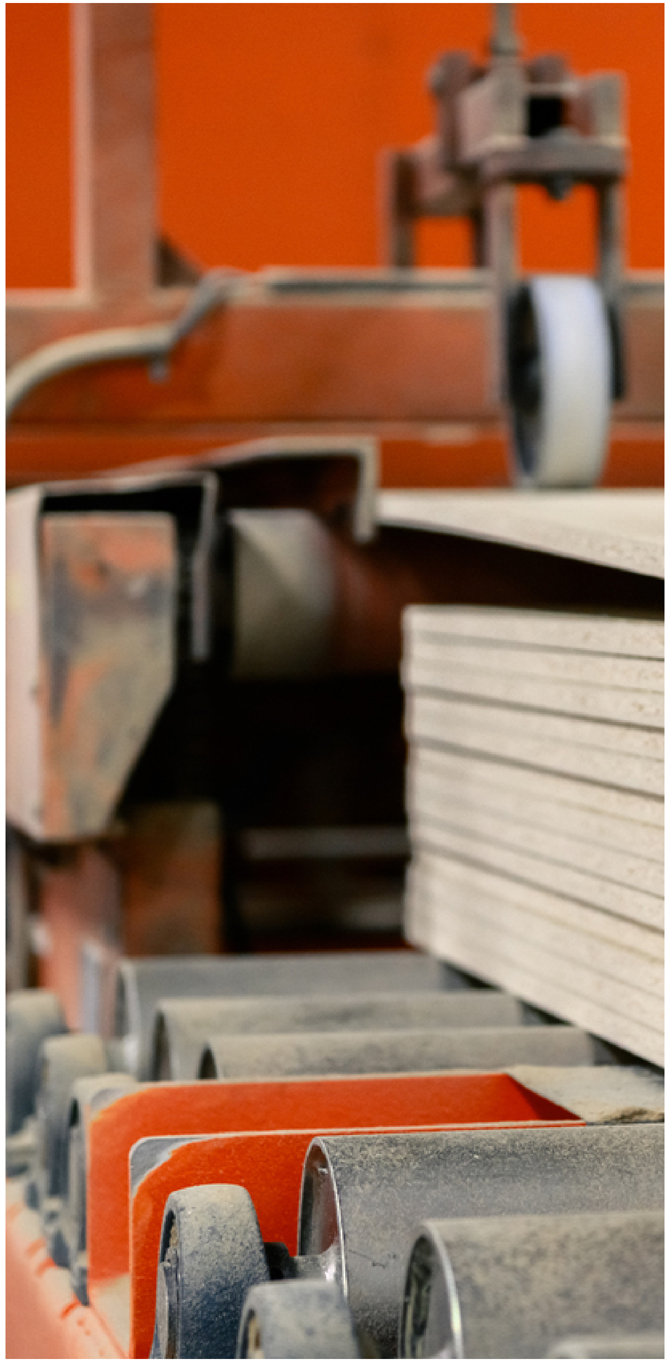
Board of Directors in 2024

Koskisen Corporation Board of Directors consisted of the following six members on 31 December 2024: Pekka Kuusniemi (Chair of the Board), Hanna Sievinen (Vice Chair), Kari Koskinen, Hanna Masala, Kalle Reponen and Eva Wathén. 50% of the Board members were women and 50% were men.

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

In 2024, the Board of Directors convened 10 times and, in addition, the Board of Directors made decisions without meeting 1 time. The average attendance rate was 98.3%. The members of the Board attended the meetings as follows:

Pekka Kuusniemi, Chair of the Board	10
Hanna Sievinen, Vice Chair of the Board	10
Kari Koskinen	9
Hanna Masala	10
Kalle Reponen	10



Committees

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

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

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

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

On 31 December 2024, Koskisen Corporation's Audit Committee comprised the following three members: Hanna Sievinen, Eva Wathén and Hanna Masala. The Audit Committee convened 7 times in 2024. The average attendance rate was 100%.

The members of the Audit Committee attended the meetings as follows:

Hanna Sievinen, Chair of the Audit Committee	7
Eva Wathén	7
Hanna Masala	7

CEO

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

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

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

Executive Board

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

Koskisen's Executive Board consists of CEO Jukka Pahta, Karri Louko (CFO), Tom-Peter Helenius (Director, Panel Industry), Tommi Sneck (Director, Sawn Timber Industry), Joonas Ojasalo (Director, Wood Supply and Bioenergy), Minna Luomalahti (Director, Human Resources), Sanna Väisänen (Director, Sustainability and Corporate Communications) and Olli Nikitin (General Counsel). Olli Nikitin was appointed as the General Counsel of Koskisen Corporation as of 12 August 2024.

Operative organisation

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

Auditor

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

In 2024, PricewaterhouseCoopers, Authorised Public Accountants, acted as the company's auditor. PricewaterhouseCoopers appointed Markku Launis, Authorised Public Accountant, as the auditor with principal responsibility.

In 2024, the fee paid to the audit firm PricewaterhouseCoopers for the audit totalled EUR 149,685. In addition, a total of EUR 57,145 was paid for other services, mainly related to CSRD assurance, ESEF assurance, and Business Finland subsidies settlements.

Internal control and risk management, internal audit

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

The Company has defined an internal control framework that includes adequate internal controls, sufficiently segregated duties and the four eyes principle in the processing of specified transactions. The functioning of the control environment is monitored by the Company by testing the defined key controls.

The Company does not have its own internal audit organisation, but the audit plan approved by the Board of Directors is implemented with the help of external experts. Internal audit reports to the Audit Committee of the Board of Directors.

Insider management

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

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

The person in charge of insider issues at Koskisen is the Chief Financial Officer (the "CFO"), who is also responsible for maintaining the insider lists. The practical duties relating to the insider list and the management of inside information are taken care of by a person designated by the person in charge of insider issues. The person in charge of managing the duty to disclose management and related party transactions is the Director, Sustainability and Communications and a substitute appointed by them.

Koskisen discloses by way of stock exchange release all transactions made by the persons discharging managerial responsibilities and their closely associated persons and companies involving stocks and other financial instruments relating to Koskisen, as required by the Market Abuse Regulation.

Related party administration

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

The Board of Directors must monitor and assess the Company's related party transactions.

Shareholdings of the board of directors and executive board on 31 Dec 2024

BOARD OF DIRECTORS

Member of the Board of Directors	Number of shares[1]
Pekka Kuusniemi, Chair	10,000
Hanna Sievinen, Vice Chair	8,700
Kari Koskinen	4,208,988
Hanna Masala	0
Kalle Reponen	7,500
Eva Wathén	2,148,988

[1] The figures include the holdings of the members of the board of directors, their close family members and control entities.

EXECUTIVE BOARD

Member of the Executive Board	Number of shares[1]
Jukka Pahta	28,328
Karri Louko	13,018
Tommi Sneck	8,138
Tom-Peter Helenius	5,090
Joonas Ojasalo	1,700
Minna Luomalahti	3,420
Sanna Väisänen	5,334
Olli Nikitin	0

[1] The figures include the holdings of the members of the board of directors, their close family members and control entities.

Board of Directors

Pekka Kuusniemi

Chair of the Board since 2023

Independent of the company and of its significant shareholders

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

Principal occupation: CEO, VAK Group

Hanna Sievinen

Member of the Board since 2015, Vice Chair of the Board since 2024

Independent of the company and of its significant shareholders

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

Principal occupation: Board professional, independent advisor

Kari Koskinen

Member of the Board since 2019

Dependent of the company and of its significant shareholders

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

Principal occupation: Board professional

Hanna Masala

Member of the Board since 2023

Independent of the company and of its significant shareholders

b. 1976, M.Sc. (Econ.)
Principal occupation: CFO, Sitowise Group Oyj

Kalle Reponen

Member of the Board since 2014

Independent of the company and of its significant shareholders

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

Principal occupation: Board professional

Eva Wathén

Member of the Board since 2001

Dependent of the company and of its significant shareholders

b. 1967, M.Sc. and eMBA

Principal occupation: Entrepreneur

Executive Board

Jukka Pahta

Chief Executive Officer

Employed in Koskisen Group since 2016

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

Karri Louko

Chief Financial Officer

Employed in Koskisen Group since 2022

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

Tom-Peter Helenius

Director, Panel Industry

Employed in KoskisenGroup since 2020

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

Tommi Sneck

Director, Sawn Timber Industry

Employed in Koskisen Group since 2007

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

Joonas Ojasalo

Director, Wood Supply and Bioenergy

Employed in Koskisen Group since 2021

b. 1982, M.Sc. (Forestry)

Minna Luomalahti

Director, Human Recourses

Employed in Koskisen Group since 1994

b. 1967, Engineer, Wood processing

Sanna Väisänen

Director, Sustainability and Corporate Communications

Employed in Koskisen Group since 2022

b. 1977, M.A. (Communications)

Olli Nikitin

General Counsel

Employed in Koskisen Group since 2024

b. 1981, LL.M.

Koskisen Corporation Remuneration Report 2024

Introduction

The Remuneration Policy for Koskisen's governing bodies defines the framework for the remuneration of Koskisen Corporation's governing bodies. The Remuneration Policy complies with the Finnish Limited Liability Companies Act, other regulations concerning publicly listed companies, the company's Articles of Association and the agendas of the Board of Directors and its committees. In addition, the company complies with the rules and guidelines of Nasdaq Helsinki Ltd and the Securities Market Association's Corporate Governance Code 2025.

Remuneration development

EUR 1,000	2024	2023	2022	2021	2020
Total annual and meeting fees of the Board of Directors	266.5	265.5	273.6[1]	137.6	108.9
Fees paid to the Chair of the Board of Directors	70.0	70.2	78.0[1]	48.0	48.0
Fees paid to the Board members on average	39.3	39.1	43,5[1]	22.4	22.8
Annual remuneration of the CEO[2]	621.8	750.1	562.1	309.4	312.9
Koskisen employees' average salary[3]	44.7	48.4	43.6	41.7	38.5
Group's operating profit (EUR million)	13.0	24.4	58.2	52.7	2.2

[1] The remuneration of the Board of Directors in 2022 was affected by the preparations related to the listing process and the increase in the number of Board members.
[2] Includes cash-basis salaries, fees and supplementary pension, does not include social and pension costs
[3] Personnel costs in Finland in 2020–2022 excluding social and pension costs/average number of employees.
[3] As of 2023, median full-time employees in Finland for the full year excluding social and statutory pension costs

This Remuneration Report contains information on the remuneration of the Company's Board of Directors and CEO, the key terms and conditions of the CEO's contract and other Remuneration Report information referred to in the Corporate Governance Code for the financial year 2024. The remuneration report will be available on Koskisen's website for at least ten years.

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

The remuneration of the Board of Directors for 2024 is based on the resolutions of Annual General Meetings on remuneration. The remuneration of the CEO is based on the remuneration policy approved by the Annual General Meeting. Koskisen Corporation's remuneration policy was reviewed by the Annual General Meeting of 2023. The 2024 Annual General Meeting approved the Remuneration Report for the financial year 2023 without voting.

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

Remuneration of Board members 2024

The remuneration of the Board of Directors for 2024 is based on the resolutions of the Annual General Meeting.

ANNUAL FEES OF THE BOARD OF DIRECTORS 2024

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

BOARD AND COMMITTEE MEETING FEES PER MEETING 2024

EUR	
Chair	1,000
Member	500

In addition, the members of the Board of Directors have been compensated for travel expenses as decided by the 2024 Annual General Meeting. The members of the Board of Directors are not covered by share-based remuneration schemes, and they are not covered by the company's remuneration or pension schemes. The Chair of the Board had taken out voluntary TyEL insurance until 31 January 2024.

REMUNERATION OF THE BOARD OF DIRECTORS 2024

EUR	Period	Annual fee	Meeting fees[1]	Total
Kuusniemi Pekka, Chair of the Board of Directors	1 Jan–31 Dec 2024	60,000	10,000	70,000
Koskinen Kari	1 Jan–31 Dec 2024	30,000	5,000	35,000
Masala Hanna	1 Jan–31 Dec 2024	30,000	7,500	37,500
Reponen Kalle	1 Jan–31 Dec 2024	30,000	5,000	35,000
Sievinen Hanna	1 Jan–31 Dec 2024	42,000	9,500	51,500
Wathén Eva	1 Jan–31 Dec 2024	30,000	7,500	37,500
Total		**222,000**	**44,500**	**266,500**

[1] The meeting fees include the meeting fees payable for attending the meetings of the Board of Directors and the meeting fees of the Audit Committee.

Remuneration of the CEO 2024

CEO contract and remuneration principles

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

The remuneration of the CEO consists of a fixed monthly salary, fringe benefits and variable short-term and long-term incentive schemes. The Board of Directors decides on the remuneration of the CEO, the content of the performance bonus and the objectives. The Board of Directors has the right to amend the terms of incentive schemes unilaterally for a weighty reason.

The CEO is covered by the Finnish statutory TyEL insurance. The CEO has a defined contribution supplementary pension insurance. The CEO's supplementary pension benefit is determined in accordance with the decision of the company's Board of Directors. The minimum retirement age is 65 years.

The CEO's period of notice is six months. If the company gives notice, an amount equal to six months' salary will be paid as severance pay.

Short-term incentive scheme

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

For 2023, the Board of Directors decided to pay the CEO a performance bonus of EUR 68,400, amounting to 38% of the maximum bonus, in 2024. This was paid in February 2024. This was based on success in the sustainability indicators and the preparation of the growth strategy.

For 2023, Pahta had three main goals with weightings:
- 60% achievement of Group financial targets (revenue development and EBITDA level), outcome 4.9%
- 20% sustainability metrics (occupational safety and employee well-being), outcome 15.1%
- 20% growth strategy preparation, outcome 18%.

For 2024, the Board of Directors decided to pay the CEO a performance bonus of EUR 40,773, 22% of the maximum amount, in 2025. This was paid in February 2025. This was based on success in the sustainability metrics with regard to safety and in the definition and implementation of the strategy.

For 2024, Pahta had three main goals with weightings:
- 60% achievement of Group financial targets (revenue development and EBITDA level), outcome 0%.
- 20% sustainability metrics (occupational safety and employee well-being), outcome 6%.
- 20% definition and implementation of the strategy, outcome 16%.

SHARE PLAN 2022–2026

Share Plan 2022–2026	Earning period 2022–2024[1]	Earning period 2023–2025[2]	Earning period 2024–2026[3]
Maximum number of shares granted	44,000	60,000	60,000
Metrics (weighting)	EBITDA 50% Return on capital employed 50%	EBITDA 100%	Revenue growth 50% EBITDA 50%
Outcome	92.6%	-	-
Shares earned (gross)	40,744	-	-
Year of transfer	2025	2026	2027

[1] For the earning period 2022–2024, the Board of Directors set targets for the development of EBITDA and return on capital employed over the three-year earning period, both with a 50% weighting. The shares earned during the earning period will be paid during 2025.
[2] For the earning period 2023–2025, the Board of Directors set a target for the development of EBITDA over the three-year earning period, with a 100% weighting.
[3] For the earning period 2024–2026, the Board of Directors set targets for the cumulative growth in revenue and EBITDA, which are based on the company's growth strategy, both have a 50% weighting.

Long-term incentive scheme

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

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

LISTING-RELATED BONUS SCHEME

EUR	
Number of shares granted	30,000
of which shares paid in 2023 (gross)	12,000[1]
of which shares paid during the financial year 2024 (gross)	18,000[2]

[1] Calculated using the average share price of EUR 6.4385 on the share transfer date of 17 February 2023.
[2] Calculated using the average price of EUR 6.3651 on the share transfer date of 29 February 2024.

CEO'S REMUNERATION 2024

EUR 1,000	
Fixed salary	438.9
Fringe benefits (included in fixed salary)	24.0
Supplementary pension benefit insurance (included in fixed salary)	60.0
Short-term performance bonus	68.4
Listing-related share-based incentive	114.6
Total	**621.8**
Variable compensation as a percentage of total earnings	29.4%

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

Report of the Board of Directors and Sustainability Statement

This section presents Koskisen's Report of the Board of Directors 2024 and a report about Koskisen Group's material sustainability topics.

943
the Group personnel

-50%
reduction target for own CO_2 emissions in 2024 when compared to 2022

Report of the Board of Directors

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

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

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

Koskisen’s production plants are located in Järvelä and Hirvensalmi, Finland, as well as in Toporów and Skwierzyna, Poland.

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

”

Koskisen’s ability to create value is based on a material-efficient and integrated value chain from the forest to the end product.

Result and financial position

Consolidated revenue increased in January–December and amounted to EUR 282.3 (271.3) million. The increase in revenue was mainly due to higher delivery volumes in the Sawn Timber Industry segment than in the comparison period and slightly higher sales prices of end products.

Adjusted EBITDA declined to EUR 24.3 (33.1) million. The decrease in EBITDA was mainly due to reduced delivery volumes in the Panel Industry segment and increased costs of wood raw material.

Operating profit came to EUR 13.0 (24.4) million. Depreciation, amortisation and impairment amounted to EUR 11.2 (8.6) million. Profit before income tax amounted to EUR 10.0 (24.1) million and income tax for the period amounted to EUR 1.7 (3.8) million. The profit for the financial period came to EUR 8.3 (20.2) million, and earnings per share were EUR 0.36 (0.88).

Segments

The Sawn Timber Industry segment's revenue amounted to EUR 139.7 (122.4) million and EBITDA to EUR 7.2 (3.3) million. The Panel Industry segment's revenue amounted to EUR 142.4 (148.8) million and EBITDA to EUR 17.7 (29.3) million.

Balance sheet, cash flow and financing

At the end of the accounting period, Koskisen's equity ratio was 54.0 (54.8) per cent, and gearing was 15.4 (-1.8) per cent.

Cash flow from operating activities for January–December amounted to EUR 14.0 (14.9) million. The effect of the change in working capital was EUR -10.5 (-11.9) million. The most significant item in the change in working capital was the increase in inventories, which reflects increased sawmill volumes and increased timber prices. Trade payables increased mainly due to the increased volume of timber trade. Cash flow from financing activities amounted to EUR -17.7 (-17.6) million, with the largest item being the dividend payment in the spring. The cash flow also reflected the start of repayments of loans related to the financing of sawmill investments. Cash flow from investment activities came to EUR -0.2 (-36.2) million, of which cash flow from tangible and intangible assets was EUR -20.2 (-16.0) million and deposits released amounted to EUR 20.0 (-20.0) million.

Interest-bearing liabilities at the end of the period amounted to EUR 66.3 (63.7) million and liquid assets totalled EUR 43.3 (66.4) million. Interest-bearing net liabilities amounted to EUR 22.9 (-2.7) million.

Koskisen's liquidity has remained strong. At the end of the accounting period, available liquidity amounted to EUR 43.3 (66.4) million, comprising cash and cash equivalents of EUR 31.8 (35.8) million, deposits of EUR 0.0 (20.0) million and EUR 11.5 (10.6) million of current financial assets at fair value through profit or loss, the most significant of which was a capital redemption contract. In addition, the company has an unused account limit of approximately EUR 7.2 million.

EUR million	2024	2023	2022
Revenue	**282.3**	**271.3**	**317.7**
EBITDA	24.2	33.0	66.3
EBITDA margin, %	8.6	12.2	20.9
Adjusted EBITDA	24.3	33.1	66.6
Adjusted EBITDA margin, %	8.6	12.2	21.0
Operating profit (EBIT)	13.0	24.4	58.2
Operating profit (EBIT) margin, %	4.6	9.0	18.3
Profit for the period	8.3	20.2	46.0
Basic earnings per share, EUR	0.36	0.88	2.5
Diluted earnings per share, EUR	0.36	0.87	2.5
Gross investments	22.2	32.1	27.0
Equity per share, EUR	6.5	6.4	5.9
Return on capital employed (ROCE), %	6.1	12.1	35.7
Working capital, end of period	45.9	37.9	28.9
Net cash flow from operating activities	14.0	14.9	47.2
Equity ratio, %	54.0	54.8	52.7
Gearing, %	15.4	-1.8	-21.0

Investments

Gross investments in tangible and intangible assets in January–December amounted to EUR 22.2 (32.1) million. The investments included the construction of a new log yard, a channel dryer, the renovation of the upstream part of the second planing plant and a new sawmill. At the end of the financial period, advance payments and work in progress included EUR 13.1 million related to the construction of the new log yard.

New log yard

In autumn 2023, Koskisen decided to invest approximately EUR 15 million in a log yard to be built next to the new sawmill, including a log sorting yard and line with control room facilities and a stormwater treatment system. The project also includes a new entrance route to the plant area, gate area, access control and a truck scale. The construction of the log yard progressed as planned in 2024: the test runs of the log yard began in December and continued in early 2025. The new log yard was fully commissioned at the end of February 2025. Eliminating the need to transport logs from the old log yard reduces transport costs and carbon dioxide emissions from transportation.

Expansion of the Kore business

In summer 2024, Koskisen decided to invest approximately EUR 3 million in the Kore business, which manufactures interior solutions for light commercial vehicles. The investment focuses on the machinery of the new production unit established in Skwierzyna, Poland, including CNC machines and their ancillary equipment. The investment in the Kore business proceeded as planned and the ramp-up of production to an industrial scale began late in the year. After the ramp-up phase, Skiwierzyna will focus on stabilising production and optimising efficiency between the two Polish units, Toporów and Skwierzyna.

Investment programme in the Panel Industry segment

In December 2024, Koskisen launched a comprehensive investment programme in the plywood production of the Panel Industry business in Järvelä. The investment programme extends until the end of Koskisen's strategy period, i.e. 2027. The first phase of the investment programme will be carried out in 2025, and the total value of the related investments will be approximately EUR 12 million. The systematic investment programme of the Panel Industry segment will enable volume growth, streamline production and facilitate related internal logistics. The investments to be made also include the automation of production phases.

Value creation

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

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

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

Koskisen's key intangible assets include the company's brand and reputation, its skilled and committed personnel, a synergistic operating model that enables resource efficiency, and strategic partnerships. These resources provide Koskisen with a competitive advantage and are a central part of the company's strategy.

Strategy

Koskisen published its specified strategic growth paths and related measures for the strategy period 2024–2027 in May 2024. At the core of the specified strategy are 1) creating value for customers, 2) developing current operations and 3) taking bold steps.

Value creation for customers is created through high-quality and customised products, customer-oriented services and innovative solutions. The development of current operations is closely linked to strengthening competitiveness and differentiation, product development and the efficient introduction of defined initiatives. Bold steps, on the other hand, include investments and possible acquisitions.

The clarified strategy will support the growth leap by the end of 2027 pursued by Koskisen, which was set earlier. The completed comprehensive strategy work provides the company with a clear direction for implementing this sustainable growth.

One of the key growth drivers is the new sawmill and the development of closely related operations. The new sawmill is the heart of the entire integrated and synergistic business. By increasing sawing volumes, we ensure the availability of wood raw material also for the needs of the Panel Industry through increasing wood procurement volumes and side streams of the sawmill production.

Growth in both businesses, Sawn Timber Industry and Panel Industry, will be generated primarily through volume increase, new wood-based products and expanding customer relationships. Naturally, the company will invest in the continuous development of its own operations.

Financial objectives for 2027

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

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

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

Balance sheet: maintaining a strong balance sheet

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

Key sustainability objectives for 2027

In June, Koskisen published a sustainability programme, and its key sustainability objectives were incorporated into the strategy. They are as follows: 1) We implement biodiversity measures in the forest environment, 2) We reduce CO_2 emissions in our own activities and our value chain, 3) We make wise use of wood, down to the last particle of sawdust, 4) We promote a safe work environment, and 5) We support well-being at work and competence development. More sustainable development goals have been defined in the company's sustainability programme. The achievement of the targets will be monitored through the indicators set for them.

Personnel

The Koskisen Group had an average of 948 (888) employees in October–December 2024 and 943 (883) employees at the end of December. The increase in the number of personnel was mainly related to the growth of the Panel Industry segment's Kore business.

Wages and salaries, share-based payments and seniority allowances paid to personnel in 2024 totalled EUR 39.9 (38.9) million.

Incentive schemes for the management and key personnel

Koskisen has a share-based incentive programme 2022–2026 for its key employees. The purpose of the incentive programme is to align the objectives of the company's shareholders and persons participating in the program in order to increase the value of the company in the long term, commit the participants to the company and offer them a competitive incentive programme for earning and accumulating shares.

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

On 13 May 2024, the Board of Directors resolved on the criteria and targets as well as the key employees eligible for the incentive programme 2022–2026 for the third earning period 2024–2026.

The Board of Directors of Koskisen Corporation decided on 27 June 2024 to add new participants to the earning period 2024–2026, after which the maximum number of participants will be 25. After the change, the maximum number of shares to be distributed for the earning period is a total of 331,000 gross shares. In addition, the

Board of Directors decided to add one participant to the earning period 2022–2024, after which the total number of participants will be 7 participants. After the change, the maximum number of shares to be distributed for the earning period is a total of 156,000 gross shares.

Remuneration Report

Koskisen's Remuneration Report 2024 will be published as a separate report from the Report of the Board of Directors.

Research and development

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

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

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

Risks and uncertainties and their management

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

Short-term risks

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

The most significant risks related to Koskisen's operations

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

RISKS RELATED TO KOSKISEN'S OPERATING ENVIRONMENT

Description of the risk	Risk management and factors that mitigate uncertainty
Koskisen operates in cyclical sawmill and panel industry markets, and the uncertainty and unfavourable development of the economic situation may reduce the demand for Koskisen's products or the profitability of its operations, which may have an adverse effect on Koskisen's business operations, operating result and financial position.	Koskisen has two business segments with partially countercyclical markets. This softens the impact of cyclicality at the Group level. Koskisen operates in several markets and its customers represent several end-use segments with different demand drivers.
Fluctuations in wood prices, disturbances in wood supply and impacts on the availability of wood may cause significant costs, disturbances in production and adversely affect Koskisen's profitability.	Koskisen has an extensive and professional wood procurement organisation with decades of experience in the industry. Wood procurement aims to proactively react to potential risks related to wood raw material.
The effects of general cost inflation on production costs and thus Koskisen's profitability.	The procurement organisation closely monitors the development of production costs and engages in close dialogue with production and sales regarding the possible impact of costs on the pricing of final products. In accordance with its hedging policy, Koskisen uses hedging instruments to control key production factors, such as electricity price fluctuations.
Any pandemics or epidemics can disrupt Koskisen's operations and result in significant costs.	Koskisen aims to prevent and, if necessary, minimise the impact of any pandemics or epidemics on the health and safety of personnel and ensure undisturbed supply chain with various exceptional arrangements, such as the use of different types of protective equipment or restrictions on group sizes.

RISKS RELATED TO KOSKISEN'S BUSINESS

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

RISKS RELATED TO THE FINANCIAL POSITION AND FINANCING

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

Governance

Composition of the Board of Directors

On 31 December 2024, Koskisen Corporation's Board of Directors had the following six members: Pekka Kuusniemi (Chair of the Board of Directors), Hanna Sievinen (Vice Chair of the Board of Directors), Kari Koskinen, Kalle Reponen, Hanna Masala and Eva Wathén.

Corporate Governance Statement

Koskisen Corporation's Corporate Governance Statement 2024 will be published as a separate statement from the Report of the Board of Directors.

Shares and ownership

Koskisen's share capital amounts to EUR 1,512,000. On 31 December 2024, the total number of issued shares was 23,025,159 and the total number of outstanding shares was 23,024,073. The company has one series of shares. One share carries one vote at the general meeting. The shares have no nominal value. The company's shares have been listed on Nasdaq Helsinki Oy as of 1 December 2022.

Treasury shares

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

Share price and turnover

A total of 2,026,672 of the company's shares were traded on the Helsinki Stock Exchange between 1 January and 31 December 2024, corresponding to 8.8 per cent of the total number of shares. The highest share price was EUR 7.98 and the lowest EUR 5.94. The average price of the shares traded was EUR 6.39. The share turnover was EUR 12,952,718. At the end of the review period, the market capitalisation of the company was EUR 160,255,107.

Authorisations of the Board of Directors

On 16 May 2024, the Annual General Meeting authorised the Board of Directors to resolve on the repurchase of the company's own shares. Under the authorisation, the Board of Directors may resolve on the repurchase of a maximum of 1,000,000 of the company's own shares. The repurchase authorisation is valid until 30 June 2025, and it revokes all previous repurchase authorisations concerning the company's own shares.

On 16 May 2024, the Annual General Meeting authorised the Board of Directors to resolve on issuing new shares and/or transferring treasury shares held by the company and/or issuing option rights and other special rights referred to in chapter 10, section 1 of the Limited Liability Companies Act. Under the authorisation, a maximum of 2,000,000 new shares may be issued and/or treasury shares held by the company or its group company may be transferred, the amount of which also includes any shares issued on the basis of option rights or other special rights. The authorisations revoke all previous authorisations concerning the issuance of shares and the granting of special rights entitling to shares. The Board of Directors decides on all other matters relating to the authorisations. The authorisations are valid until 30 June 2025.

Flagging notifications

Koskisen Corporation did not receive any flagging notifications in 2024.

Estimate of probable development

Koskisen Group's revenue for 2025 is expected to grow from the level of 2024. The adjusted EBITDA margin is expected to be 7–11 per cent.

Board of Directors' proposal for the distribution of profits

On 31 December 2024, the parent company's distributable funds were EUR 116,244,890.16, of which the profit for the financial period constitutes EUR 2,660,561.51.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.12 be paid for each outstanding share for the financial year 2024. Based on the number of shares registered on 10 April 2025, the total dividend would be EUR 2,771,333.88. The remaining part of the distributable funds will be left in unrestricted equity.

The Board of Directors has assessed the company's financial situation and liquidity before making the proposal. The company's financial position has not changed significantly since 31 December 2024, the company's liquidity is still good and the proposed dividend will not compromise the company's solvency.

Events after the financial period

Koskisen Corporation communicated on 10 March 2025 that it has agreed to acquire the business operations of Iisveden Metsä Oy. The transaction will be carried out as a business acquisition, including, with certain limited exceptions, the entire business of Iisveden Metsä, including the factory property located in Suonenjoki, Finland with machinery and equipment, as well as inventories. The personnel of Iisveden Metsä, approximately 50 people, will be transferred to Koskisen as "old employees".

The debt-free purchase price of the transaction is EUR 22.5 million and its cash part will be adjusted at the time of the completion of the transaction by a net working capital adjustment, which is not expected to be significant. In addition, Koskisen will pay the seller a maximum earnout of EUR 4 million if the conditions specified for the payment of the earnout, mainly related to sales price of sawn timber, are met during 2025–2027.

Iisveden Metsä's revenue (unaudited) in 2024 was EUR 52.7 million (EUR 52.5 million in 2023, audited) and EBITDA (unaudited) in 2024 was EUR 1.4 million (EUR 0.5 million in 2023, audited). The book value of the balance sheet items to be transferred was approximately EUR 24.9 million (unaudited) at the end of 2024.

If completed, the transaction will increase Koskisen's revenue and EBITDA. The transaction is expected to create synergies in raw material sourcing, especially for birch logs, thus supporting the organic growth and profitability of the Panel Industry. The transaction will also have positive effects on the production efficiency and the optimisation of market-specific concepts of Sawn Timber Industry. The completion of the transaction is currently not expected to have an impact on Koskisen's profit guidance for 2025.

The completion of the transaction requires the approval of Finnish and Estonian competition authorities, approval by a qualified majority at the Annual General Meeting of Iisveden Metsä and the fulfilment of certain other ordinary closing conditions. Koskisen expects the transaction to be completed during the first half of 2025.

On 21 March 2025, Koskisen Corporation's Board of Directors decided on a free directed share issue for the payment of share rewards under the company's long-term performance-based incentive programme for 2022–2026 (earning period 2022–2024). A total of 70,376 new shares were issued free of charge in a directed share issue to seven persons covered by the incentive programme in accordance with the terms of the programme. The rewards paid under the incentive programme to each participating person were paid in shares and cash. The cash component covers the tax costs related to the shares. The total number of shares in Koskisen Corporation after the registration of new shares is 23,095,535 shares. The total of 70,376 shares issued in the free directed share issue were registered in the Finnish Trade Register on 4 April 2025. Koskisen Corporation's Board of Directors decided on the free directed share issue on the basis of an authorisation granted by the Annual General Meeting on 16 May 2024.

Shares and shareholders

MAJOR SHAREHOLDERS ON DEC 31, 2024

	Number of shares	% of shares
Kari Koskinen	4,208,988	18.28
Markku Koskinen	3,729,988	16.20
Eva Wathén	2,148,988	9.33
Laura Paksuniemi	1,314,693	5.71
Ella Paksuniemi	1,292,993	5.62
Ester Paksuniemi	1,290,693	5.61
Varma Mutual Pension Insurance Company	1,044,332	4.54
Karoliina Koskinen	922,039	4.00
Lasse Koskinen	922,039	4.00
Elo Mutual Pension Insurance Company	814,332	3.54
Pekka Kopra	766,128	3.33
Stephen Industries Inc Oy	498,599	2.17
Ilmarinen Mutual Pension Insurance Company	485,000	2.11
Juha Koskinen	476,817	2.07
Arto Koskinen	475,130	2.06
Riitta Kokko-Parikka	375,130	1.63
Veritas Pension Insurance	143,197	0.62
Thominvest Oy	120,000	0.52
UB Metsä Global Erikoissijoitusrahasto	86,272	0.37
Sijoitusrahasto UB Suomi	74,487	0.32
20 largest, total	**21,189,845**	**92.03**

BREAKDOWN OF SHAREHOLDING BY SCALE ON DEC 31, 2024

Lower limit	Upper limit	Number of shareholders	Share of shareholders, %	Total number of shares	% of shares
1	100	2,768	53.6	156,215	0.7
101	500	1,822	35.3	393,673	1.7
501	1,000	291	5.6	226,981	1.0
1,001	5,000	221	4.3	437,799	1.9
5,001	10,000	21	0.4	149,917	0.7
10,001	50,000	16	0.3	329,910	1.4
50,001	100,000	4	0.1	301,578	1.3
100,001	500,000	7	0.1	2,573,873	11.2
500,001		11	0.2	18,455,213	80.2
Total		**5,161**	**100**	**23,025,159**	**100**

OWNERSHIP STRUCTURE BY SECTOR DEC 31, 2024

	Number of shares	% of shares
Companies	793,582	3.4
Financial and insurance institutions	218,265	0.9
Public sector	2,486,861	10.8
Households	19,354,410	84.1
Non-profit organisations	43,369	0.2
Foreign shareholders	2,404	-
Total	22,898,891	99.5
Nominee-registered	126,268	0.5
All in total	**23,025,159**	**100**

Calculation formulas for key figures

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

Key figure	Definition	Reason for use
EBITDA	Operating profit (loss) + Depreciation, amortisation and impairments	EBITDA is an indicator used to measure Koskisen’s performance.
EBITDA margin, %	$\frac{\text{EBITDA}}{\text{Revenue}} \times 100$	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, %	$\frac{\text{Adjusted EBITDA}}{\text{Revenue}} \times 100$	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, %	$\frac{\text{Operating profit (loss)}}{\text{Revenue}} \times 100$	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.
Adjusted EBIT margin, %	$\frac{\text{Adjusted EBIT}}{\text{Revenue}} \times 100$	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.

Key figure	Definition		Reason for use
Basic Earnings per Share, EUR	Profit (loss) for the period attributable to owners of the parent company / Weighted average number of ordinary Shares outstanding during the period		Basic Earnings per Share reflects the distribution of Koskisen's results to its shareholders.
Diluted Earnings per Share, EUR	Profit (loss) for the period attributable to owners of the parent company / Weighted average number of ordinary Shares outstanding during the period + Weighted average number of all dilutive instruments potentially to be converted into Shares		Diluted Earnings per Share reflects the distribution of Koskisen's results to its shareholders.
Capital employed	Total assets - Current liabilities		Capital employed reflects the capital tied to Koskisen's operations and it is used to calculate return on capital employed.
Liquid assets	Current financial assets at fair value through profit or loss + Deposits + Cash and cash equivalents		Liquid assets reflects the amount of cash and other assets that are readily convertible to cash.
Net debt	Borrowings + Lease liabilities - Liquid assets		Net debt is an indicator used to assess Koskisen's total external debt financing.
Net debt/EBITDA, ratio	Net debt / EBITDA (last 12 months)	x 100	Net debt/EBITDA is an indicator used to assess the level of Koskisen's financial risk and the level of Koskisen's indebtedness.
Working capital	Inventories + Trade receivables + Other receivables - Advances received - Trade payables - Trade payables, payment system		Working capital is an indicator used to monitor the level of direct net working capital tied to Koskisen's operations.
Equity ratio, %	Total equity / Total assets - Advances received	x 100	Equity ratio measures Koskisen's solvency and ability to meet its liabilities in the long term.
Gearing, %	Net debt / Total equity	x 100	Gearing is a measure used to assess Koskisen's financial leverage.
Return on capital employed, %	Operating profit (loss) (last 12 months) / Capital employed (average for the last 12 months)	x 100	Return on capital employed reflects the return of capital tied to Koskisen's operations.

Reconciliation of alternative performance measures

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

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Items affecting comparability		
Costs related to reorganisations	154	326
The gain (-) or loss (+) from sale of businesses or significant fixed assets	-48	-190
Items affecting comparability	**105**	**137**
EBITDA		
Operating profit (loss)	13,023	24,396
Depreciation, amortisation and impairments	11,169	8,607
EBITDA	**24,193**	**33,003**
EBITDA margin, %		
EBITDA	24,193	33,003
Revenue	282,262	271,275
EBITDA margin, %	**8.6%**	**12.2%**
Adjusted EBITDA		
Operating profit (loss)	13,023	24,396
Depreciation, amortisation and impairments	11,169	8,607
Items affecting comparability	105	137
Adjusted EBITDA	**24,298**	**33,140**
Adjusted EBITDA margin, %		
Adjusted EBITDA	24,298	33,140
Revenue	282,262	271,275
Adjusted EBITDA margin, %	**8.6%**	**12.2%**

Sustainability Statement

Koskisen's Sustainability Statement has been prepared in accordance with the EU's Corporate Sustainability Reporting Directive. The report covers Koskisen's material sustainability topics for the entire Group and its value chain.

GENERAL DISCLOSURES

Koskisen's strategy, business model, administrative organization and double materiality assessment as well as its results.

ENVIRONMENTAL INFORMATION

Material information regarding Koskisen's energy use, biodiversity and ecosystems, and circular economy.

SOCIAL INFORMATION

Material information regarding Koskisen's employees and contractors.

General disclosures

In the heart of Koskisen's growth strategy are creating value for customers, developing current operations and taking bold steps. Koskisen's Sustainability Statement has been prepared on group level in accordance with Chapter 7 of the Finnish Accounting Act (1336/1997).

ESRS 2 General disclosures

General basis for preparation of sustainability statements

BP-1

Koskisen Corporation's sustainability statement has been prepared at the Group level in accordance with Chapter 7 of the Accounting Act (1336/1997). The scope of consolidation is the same as in the company's annual financial statements.

The sustainability statement covers the Group's own operations and the value chain as follows: Scope 3 greenhouse gas emissions upstream and downstream of the value chain in accordance with the GHG protocol. At the upstream value chain, the reporting of sustainability matters related to biodiversity covers the activities of contractors in areas where Koskisen is responsible for felling rights.

Koskisen has not excluded any information from the reporting.

Disclosures in relation to specific circumstances

BP-2

Koskisen has not deviated from the medium- or long-term time horizons defined in ESRS 1. The medium-term strategy period is four years and the long-term is more than five years.

In the calculation of Scope 3 greenhouse gas emissions in the value chain, sector-specific average emission factors have been utilised as indirect sources to estimate the upstream and downstream emissions of the value chain. The plan is to improve the accuracy of the calculations, for example, by requesting direct emission data from the value chain partners whenever possible. A description of the accuracy of the calculation, as well as the indicators, emission factors, methods and assumptions of the Scope 3 calculation, are specified in more detail in section E1-6 of the sustainability report Gross Scopes 1, 2, 3 and Total GHG emissions.

The quantitative results of biodiversity metrics are subject to uncertainties based on limited sampling. The uncertainty is particularly focused on sampling-based audits, i.e. the information is based on only a part of the management activities that have taken place, as the sampling method of internal audit has been used in the assessment. In the future, the reliability of the results will be improved by expanding the monitoring of the metrics to cover a larger number of management actions and to support the information with internal monitoring carried out on all management actions.

In the calculation of resource use and circular economy metrics, quantitative results are subject to uncertainties related to unit conversions. Due to the variability in wood density, cubic volume is used as the storage unit. In addition, not all primary data is available in mass-based form.

It is possible that the metrics include uncertainties that have not been identified, as not all data-related control points have been established during the first reporting year, and comparative monitoring data may not be available. No measurement uncertainty is associated with the monetary values reported.

As the reporting year is the first year of application, there are no reportable changes in the preparation and presentation of sustainability information compared to previous periods. Scope 3 reporting involves uncertainties and assumptions, which are described in Gross Scopes 1, 2, 3 and Total GHG emissions section of the sustainability report E1-6.

As the reporting year is the first year of application, there are no reportable changes in the preparation or presentation of sustainability information compared to previous periods.

No disclosures are provided based on other legislation or sustainability reporting frameworks

Koskisen Group relies on the ISO standards of the European standardization system in its quality, occupational health and safety, and environmental management systems.

The above-mentioned management systems have been verified by Kiwa Inspecta as follows: the Group's operations in Finland have been verified to comply with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 and in Poland to comply with the ISO 9001:2015 standard for Toporów's operations.

In sustainability report, the relevant certified processes are the risk management and stakeholder processes covered by the ISO 9001 standard. They will be integrated into the Group’s sustainability system during 2025. These processes were not reviewed for 2024 as part of the integration of sustainability issues, as the development of the system was still in progress.

The metrics presented in the sustainability report are not verified in any other context than in connection with the assurance of the sustainability report, unless otherwise stated.

The role of the administrative, management and supervisory bodies

GOV-1

Composition of the administrative, management and supervisory bodies

Koskisen Corporation’s governance consists of the Board of Directors, the Board’s Audit Committee and CEO, supported by the Executive Board. The company complies with the Finnish Corporate Governance Code. The corporate governance principles are defined in the corporate governance principles approved by the company’s Board of Directors.

The management, monitoring and reporting of impacts, risks and opportunities related to sustainability issues as part of the activities of the company’s administrative, management and supervisory bodies is described below.

Board of Directors (Governing Body)

The duties and responsibilities of Koskisen’s Board of Directors are determined under law or the Company’s Articles of Association and other applicable legislation. The Board of Directors has rules of procedure that define the duties of the Board of Directors and its Chair.

The Board of Directors has general authority in all matters that have not been assigned to other governing bodies by law or the company’s Articles of Association. The general task of the Board of Directors is to take care of Koskisen’s administration and the appropriate organisation of its operations. The Board of Directors discusses sustainability-related issues regularly, in accordance with its annual cycle, and is responsible for the company’s statutory sustainability report.

In 2024, the Chair of the Board was Pekka Kuusniemi (independent). The members of the Board were Eva Wathén (non-independent), Kari Koskinen (non-independent), Kalle Reponen (independent), Hanna Maria Sievinen (independent), and Hanna Masala (independent).

Audit Committee (Supervisory Body)

The Audit Committee of the Board of Directors is responsible for ensuring the arrangement, supervision and risk management of appropriate governance in accordance with the Finnish Companies Act. The majority of the members of the Audit Committee must be independent of the company, and at least one member of the Audit Committee must be independent of the company’s significant shareholders.

The members of the Audit Committee in 2024 were Hanna Sievinen, Eva Wathén and Hanna Masala.

Executive Board (Management Body)

The CEO manages the company’s operations in accordance with the instructions and orders issued by the Board of Directors and keeps the Board aware of the development of the company’s business and financial situation.

The Executive Board supports the President and CEO in the implementation of the company’s strategy and manages Koskisen’s business as a whole, including sustainability aspects as part of the management business model. The members of Koskisen’s Executive Management Team have extensive authority to operate within their own areas of responsibility, and they are obliged to develop Koskisen’s business in accordance with the objectives set by the company’s Board of Directors and the President and CEO.

As of 31 December 2024, the Executive board consisted of Jukka Pahta (Chief Executive Officer), Karri Louko (CFO), Tom-Peter Helenius (Director, Panel Industry), Tommi Sneck (Director, Sawmill Industry), Joonas Ojasalo (Director, Wood Supply and Bioenergy), Minna Luomalahti (Director, Human Resources), Sanna Väisänen (Director, Sustainability and Corporate Communications) and Olli Nikitin (General Counsel).

In addition to the Executive Board, Koskisen's extended Executive Board also includes persons who coordinate other sustainability aspects (IT, quality, environment, safety, technical, services).

As of 31 December 2024, in addition to the core members described above, the extended Executive Board included Markku Lähteenmäki (Director of Quality, Environment and Safety), Teemu Similä (Head of IT), and Jarkko Veck (Chief Shop Steward).

The extended Executive Board meets four times a year. Through the representation of the Chief Shop Steward, employees are consulted and involved in the decision-making process within the extended Executive Board.

Composition of administrative, management and supervisory bodies	2024
Number of executive members	11
Number of non-executive members	6

Employees with employment relationship are represented in the expanded Executive Board, which includes the Chief Shop Steward as well as the Director of Quality, Environment and Safety. Employees are not represented on the Board of Directors or in the Audit Committee.

When preparing the composition of the Board of Directors, the members' educational and professional background, gender and international experience have been taken into account so that the Board of Directors has a broad and diverse representation of expertise and experience that supports Koskisen's operations. Women and men must be equally represented on the Board of Directors, as required by applicable regulation. In preparing its proposal, the Board has assessed that the proposed composition of the Board includes sufficient sustainability (ESG) expertise and experience, as required by the nature and scope of the company's operations at the time. The relevant experience is presented in the table below.
The members of the company's Board of Directors and its Audit Committee have relevant experience in the refining industry, corporate finance, international business and target markets, as well as in strategic planning and execution of business operations, which is relevant to the assessment of Koskisen's operations and sustainability impacts, risks and opportunities.

The company's CEO, as well as the Executive Board and the Extended Executive Board, have relevant experience in business management at the strategic level and at the level of the company's individual businesses, forestry, corporate finance, financing, risk management, human resources, and sustainability and communications matters, relevant to Koskisen's operations and the assessment of sustainability impacts, risks and opportunities.

The company's Board of Directors and Executive Board have access to the sustainability-related expertise of the company's in-house specialists.

Koskisen's Board of Directors has six (6) members, half (50%) of whom are women and half (50%) men. The average ratio is 1.0.

The Executive Board consists of eight (8) members, of which two (2 persons, 25%) are women and six (6 persons, 75%) men.

The extended Executive Board has a total of 11 members, of which two (2 persons, 18%) are women and nine (9 persons, 82%) men.

The Audit Committee has three (3) members, all of whom (100%) are women.

In 2024, the percentage of Board members who were independent of the company and significant shareholders was 67 per cent. The Board of Directors had four (4) members independent of the company and significant shareholders and two (2) members who were not independent of the company and significant shareholders.

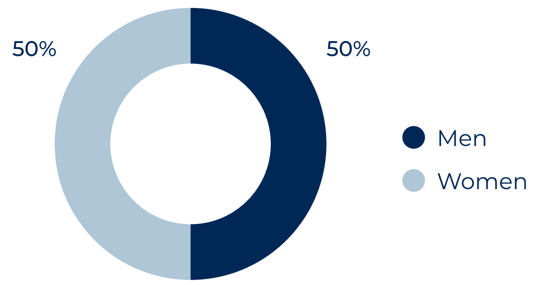
The Audit Committee monitors the impacts, risks and opportunities related to sustainability. The members of the Audit Committee in 2024 were Hanna Sievinen, Eva Wathén and Hanna Masala.

Koskisen's Governance Expertise and Experience

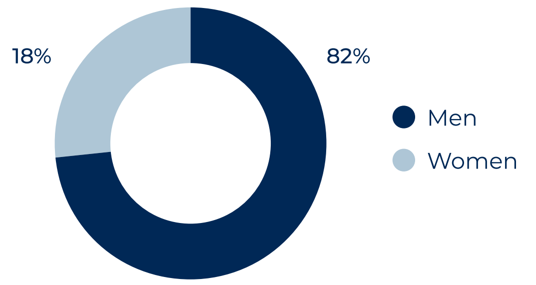
	Board of Directors	Extended Executive Board
Industry		
Forest Industry	2 Excellent, 2 Good, 2 Basic	6 Excellent, 4 Good
Governance		
Board Experience	4 Excellent, 2 Good	5 Excellent, 1 Good, 4 No Experience
CEO Experience	2 Excellent, 1 Good, 2 Basic, 1 No Experience	2 Excellent, 1 Good, 7 No Experience
Executive Management Experience	5 Excellent, 1 Good	6 Excellent, 2 Good, 2 Basic
Business and Sustainability		
Strategy and Business	4 Excellent, 2 Good	6 Excellent, 2 Good, 1 Basic, 1 No Experience
ESG and Green Transition	1 Excellent, 4 Good, 1 Basic	1 Excellent, 4 Good, 4 Basic, 1 No Experience
Governance and Compliance	2 Excellent, 4 Good	2 Excellent, 6 Good, 1 Basic, 1 No Experience
Geographical Experience and Expertise		
Europe, Middle East, and Africa (EMEA)	3 Excellent, 2 Good, 1 Basic	3 Excellent, 5 Good, 2 No Experience
Americas	2 Good, 1 Basic, 3 No Experience	2 Good, 4 Basic, 4 No Experience
Asia-Pacific (APAC)	1 Excellent, 1 Good, 1 Basic, 3 No Experience	1 Excellent, 1 Good, 3 Basic, 5 No Experience

Excellent · Good · Basic · No Experience

GENDER DISTRIBUTION, %
Board of Directors



GENDER DISTRIBUTION, %
Extended Executive Board



The responsibility of the Board of Directors, the Audit Committee and the Executive Board for sustainability-related impacts, risks and opportunities is taken into account in the Corporate Governance Principles, the Group's Operating Policy and the principles derived from it (Environmental Principles, Human Resources Principles and Risk Management Policy). The company's Board of Directors, Audit Committee and Executive Board play a key role in the management, supervision and reporting of sustainability issues.

Board of Directors

- Approves long-term sustainability goals, monitors their implementation, guides the company's management towards the goals
- Monitors and evaluates the link between sustainability work and the strategy and business model, as well as the performance of operations in relation to sustainability targets
- Approves principles or policies for material sustainability impacts

Monitoring: In accordance with the Board's annual cycle. Sustainability matters are reviewed once a year, in November for targets and measures, and in September for sustainability impacts, risks and opportunities. Individual areas of sustainability, related to personnel, safety and operating principles are examined as part of the related Group entities.

Audit committee

- Supervises the implementation and reporting of sustainability impacts
- Takes care of the risk management and internal control of sustainability impacts
- Reports to the Board of Directors

Executive Board

- Responsible for the implementation of the business strategy, taking into account sustainability perspectives
- Responsible for implementing sustainability actions as part of the business, ensuring sufficient resources
- Decides on the content and indicators of the Sustainability Programme based on material sustainability impacts
- Risks and opportunities related to material sustainability impacts are part of the corporate risk management (ERM) reported to the Executive Board, and the need for updating the double materiality assessment is also assessed in the review
- The development of material sustainability impacts has been linked to business or support functions and the responsibility of the director in question
- Reports to the Board of Directors

Extended Executive Board

- Monitors sustainability processes, such as short-term and long-term goals, measures and their results on a quarterly basis
- Hearing and involving the personnel in decision-making through the representation of the Chief Shop Steward
- Wider representation of sustainability aspects (IT, environment, quality, safety, technical services)
- Reports to the Board of Directors

Business and support functions

- Integrating sustainability matters into business and support functions
- Developing operations in accordance with sustainability goals
- Reporting on sustainability matters to the Executive Board
- Sustainability matters are reported to the extended Executive Board and coordinated by a core group on sustainability matters, consisting of representatives from the business units.

The controls and procedures for managing impacts, risks and opportunities are integrated into the business processes and operational management system, including internal and external audits and internal control. Sustainability-related risks and opportunities are managed as part of enterprise risk management (ERM), with sustainability aspects also reported to the Board of Directors.

The Executive Board sets targets that are approved by the Board of Directors and monitored by the Extended Executive Board. Progress towards the targets is reported annually to the Board of Directors.

The sustainability-related competence and expertise needs of the company's administrative, management and supervisory bodies are based on a general self-assessment conducted as part of the preparations for regulated sustainability reporting and the related requirements to understand and manage material sustainability impacts, risks and opportunities.

The company's operational management is familiar with the key sustainability impacts of the industry and has participated in defining the related risks and opportunities. The operational management possesses expertise and understanding of sustainability reporting and the related regulatory requirements.

When forming the Audit Committee, the members' experience and competence related to sustainability matters and their reporting have been taken into account. The company's Board of Directors possesses experience and expertise from various industries, including the integration of corporate sustainability aspects into business operations. The Board of Directors, the Audit Committee, and the operational management engage in ongoing dialogue regarding sustainability impacts, the related financial risks and opportunities, and their strategic linkage and governance through the business model. The company also utilises external expertise, when necessary, to strengthen internal capabilities and to support the development of sustainability processes, reporting, and operating models.

The assessment of required competence and expertise is systematically taken into account as part of the evaluation and selection criteria for new members of the administrative, management and supervisory bodies.

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

GOV-2

The administrative, management and supervisory bodies regularly address matters related to material sustainability matters. The Board of Directors convenes 8–12 times per year. The Director of Sustainability and Communications reports annually to the Board on the progress of the company's sustainability objectives and actions. The Director of Quality, Environment and Safety reports once a year to the Board on sustainability impacts, risks, opportunities, and stakeholder perspectives as part of the Group's enterprise risk management (ERM) reporting. The Board reviews the double materiality assessment and approves the statutory sustainability statement.

The Group Executive Board meets on a monthly basis. Sustainability topics are presented by the Director of Sustainability and Communications and are included on the Executive Board's agenda as needed. In the extended Executive Board, sustainability topics compiled by the Group's business units — including the entire Due Diligence process — are addressed on a needs-based basis.

The Board of Directors, the CEO, and other members of management are responsible, as part of their duty of care in decision-making, for ensuring that material sustainability impacts, risks, and opportunities — as well as any related trade-offs — are taken into account in strategic decisions within their scope of authority, including major transactions and investments. The outcomes of the double materiality assessment have been utilised in the company's strategic planning.

The administrative, management and supervisory bodies have reviewed the results of the double materiality assessment process, including the material impacts, risks and opportunities. Matters related to occupational safety and personnel are addressed as part of Group-level processes by all governance bodies. A detailed list is provided in section SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.

Integration of sustainability-related performance in incentive schemes

GOV-3

Koskisen does not have remuneration schemes that are exclusively linked to sustainability matters. Climate-related aspects are not currently reflected in the company's remuneration practices.

The company has both short- and long-term incentive schemes for members of its administrative, management and supervisory bodies, including members of the Management Team and the extended Management Team. These schemes include sustainability performance indicators alongside other metrics. The incentive schemes are designed to support the company's value creation, long-term financial success, and implementation of its business strategy. They are based on the remuneration policy that governs the remuneration of the CEO and the Board of Directors, which is approved by the Board and presented at the General Meeting.

In 2024, the short-term incentive programme for members of the Management Team and the extended Management Team included sustainability-related indicators: occupational safety (LTA1) and employee well-being (overall score and response rate of the employee well-being survey).

The sustainability remuneration indicators of the Executive Board and the Extended Executive Board are based on performance indicators set annually. Short-term performance indicators, target levels and weights, including sustainability-related indicators, are set annually by the company's Board of Directors in accordance with the Remuneration Policy. The long-term incentive scheme consists of performance periods of several financial years, for each of which the Board of Directors decides separately on an annual basis on the performance criteria and related targets.

The sustainability-related performance indicators included in the incentive scheme for the Executive Board and the extended Executive Board form part of the Group-level short-term targets. In 2024, their weighting was as follows: employee well-being 10% and occupational safety 10%. Both indicators relate to sustainability topics concerning the company's own workforce. The remaining Group-level performance indicators were the Group's adjusted IFRS EBITDA (60%) and revenue (20%).

The incentive schemes are based on the remuneration policy prepared and presented by the Board of Directors and submitted to the General Meeting for consideration. The remuneration policy is presented to the General Meeting at least once every four years.

Statement on due diligence

GOV-4

Koskisen's due diligence process related to sustainability matters is an integral part of the continuous management and assessment of sustainability impacts, risks and opportunities. The company's processes for managing sustainability impacts have been updated during 2023–2024 to align with the disclosure requirements of the ESRS standards. Koskisen has identified, assessed and established procedures for managing its sustainability impacts in relation to the topics covered by the ESRS standards. The process is continuous and subject to annual review. This includes the annual identification of relevant sustainability-related regulations and stakeholder expectations, which are integrated into the company's operations where applicable. The management of sustainability impacts covers action plans, indicators, targets, results, and the evaluation of effectiveness and resourcing in relation to the sustainability impacts identified through the double materiality assessment. These are reported annually in accordance with the ESRS standards.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies. SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model.
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 SBM-2 Interests and views of stakeholders. E1-2 Policies related to climate change mitigation and adaptation. ESRS E4-2 Policies related to biodiversity and ecosystems ESRS E5-1. Policies related to resource use and circular economy and ESRS S1-1 Policies related to own workforce.
c) Identifying and assessing adverse impacts	ESRS 2 GOV-5 Risk management and internal controls over sustainability reporting. IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities.
d) Taking actions to address those adverse impacts	ESRS E1-3 Actions and resources in relation to climate change policies. E4-3 Actions and resources related to biodiversity and ecosystems. ESRS E5-2 Actions and resources in relation to resource use and circular economy. ESRS S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions.
e) Tracking the effectiveness of these efforts and communicating	ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies. E1-4 Targets related to climate change mitigation and adaptation. ESRS E4-4 Targets related to biodiversity and ecosystems. ESRS E5-3 Targets related to resource use and circular. ESRS S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions.

Risk management and internal controls over sustainability reporting

GOV-5

Sustainability reporting complies with the Group-level principles and processes of statutory reporting, risk management and internal control. The internal control of sustainability reporting is based on the identification, analysis and targeting of control to the most material identified risks.

Risks in sustainability reporting are part of Group-level corporate risks (ERMs).

The effectiveness of sustainability reporting controls is reviewed once a year as part of internal monitoring. The results are monitored as part of the Group's continuous improvement, which is reported to the Group Executive Board. The effectiveness of internal control is monitored as part of management reviews.

Koskisen's risk management process follows the principles of the ISO 31000 standard and the indicative process. The Ministry of Social Affairs and Health's 2015 risk model, which has been integrated into the continuous development tool, is utilised in the assessment of work-related risks.

The main identified risks in sustainability reporting are the accuracy of the reported information and the adequacy of resources and expertise in a small organisation. To ensure the accuracy of the reported data and the sufficiency of resources, the organisation has established a model that defines the roles and responsibilities for sustainability reporting. The processes required for producing reportable data have been integrated into the business processes of the respective units.

To ensure the accuracy and timeliness of data reported from the company's own operations and value chain, internal controls will be implemented during 2025. These controls will be part of the common business processes, and their systematic monitoring will be defined and developed in cooperation during 2025 between Finance, Sustainability and Communications, and the business units responsible for producing the data. Some elements of the internal control processes are already being applied to the 2024 data.

During the first reporting year, risks related to sustainability reporting have been identified and addressed as part of the reporting process in cooperation between the Audit Committee and the persons responsible for sustainability reporting.

Risk assessments and internal control observations related to sustainability reporting are addressed within the enterprise risk management (ERM) system, which includes the description of risks, the potential impact and likelihood of their occurrence, mitigation measures, and designated responsible persons.

Risks related to sustainability reporting are reported to the administrative, management and supervisory bodies as part of enterprise risk management (ERM). For the year 2024, sustainability reporting risks have not yet been addressed comprehensively within the ERM framework; instead, they have been identified and discussed as part of the ongoing sustainability process.

Strategy, business model and value chain

SBM-1

Koskisen processes wood raw material into sawn timber, plywood and chipboard (circular economy, climate). Wood Procurement mainly buys wood raw material from private landowners and offers forest management and regeneration services (biodiversity). There have been no changes in the business model. The company's strategy has been updated in 2024 and it is tied to key sustainability issues.

Koskisen's customers are mainly direct customers in the logistics, construction, automotive, die-cutting, furniture, interior decoration, packaging and chemical forest industries, among others. In addition, a smaller proportion of Koskisen's products are sold to wholesalers and distributors. Koskisen sells a limited number of thin plywood and veneer products directly to consumers through its own online store. The Kore brand's customers operate mainly in the automotive industry, to which Koskisen supplies floor, wall and roof panel sets, wheel arches and accessories.

Headcount of employees by geographical areas

	2024
Finland	796
Poland	131
Other	16
Headcount of employees in total	**943**

Revenue by ESRS topic and segment

Revenue, EUR	2024
Revenue	282,262,482.57

Koskisen is not active in the sectors related to fossil fuels, chemical production, controversial weapons, or tobacco cultivation and production, and there is no income from these industries.

Revenue from activities related to the following sectors		Revenue
Fossil fuels	No	-
Chemical production	No	-
Controversial weapons	No	-
Tobacco cultivation and production	No	-

Koskisen’s sustainability goals by 2027	Perspectice
We are reducing our own and our value chain’s CO_2 emissions compared to the year 2022: Scope 1 and 2 emissions by 50%, and Scope 3 emissions by 20%.	All product groups, all customer segments, and all geographical regions.
Taking into account operations-supporting ecosystem services – 88% certified wood raw material	All product groups, all customer segments, and all geographical regions.
Efficient and optimised use of wood raw material – Wood raw material efficiency for long-lasting wood products 60%	All product groups, all customer segments, and all geographical regions.
Reduction of accidents – Accident frequency rate LTA1 < 5	Relations with own workforce
We support employee well-being and competence development. The employee well-being survey score 4,0/5,0.	Relations with own workforce

Koskisen’s operations are based solely on the sustainable sourcing and processing of wood into carbon-sequestering wood products for different product categories, customer categories and markets. Because the procurement, processing, storage and transport of wood have an impact on the climate and the biodiversity of the forest environment, Koskisen has set sustainability targets for its operations, especially related to the reduction of greenhouse gas emissions and biodiversity.

From the perspective of sustainability, Koskisen has defined wood wisdom as the basis of its strategy for 2024–2027, which means that the forest, the people connected to Koskisen’s operations, and society are considered partners in operations. The growth sought in the strategy takes place by creating value for the customer, developing current operations and taking bold steps.

Value is created for customers by helping them mitigate climate change and adapt to the future through their products and services. From the perspective of sustainability, the development of current operations means, in particular, the promotion of a safe working environment and the improvement of well-being at work and competence.

Koskisen is not based in an EU Member State that would allow an exemption from the disclosure of information referred to in Article 18(1)(a) of Directive 2013/34/EU22.

Koskisen is a Finnish wood processing company whose value chain extends from wood procurement to the customer use of wood-based products. The main raw material is wood, which Koskisen processes into sawn timber, panel products and wood products with high added value, among other things. Wood wisdom is at the core of sustainable business. The entire value chain from wood harvesting to end products is designed around synergistic and sustainable material flows.

Koskisen procures mainly certified wood as raw material from Finnish private forest owners in accordance with the principles of wood procurement.

Koskisen’s own industrial operations focus on the manufacture of sawn timber, panel products and other products with high added value. The Panel Industry offers customized high-quality panel solutions. The Panel Industry’s net sales consist of the sale of plywood, chipboard, thin plywood and veneer, as well as optimised van interior solutions. The Sawmill Industry offers sawn timber and further processed products made from high-quality wood raw material. The Sawmill Industry’s net sales consist of the sale of sawn timber and further processed timber, as well as by-products of wood procurement for the pulp and paper industry and bioenergy for several power plants. As an investment, Koskisen operates in the mechanical wood processing industry with a unique integrated operating model. This model, along with its synergistic functions, enables high material and overall efficiency, thereby supporting profitable growth.

Operations at the upstream of the value chain are intrinsically linked to forest management operations. Cooperation with forest owners and subcontractors offering management services is key. Wood procurement complies with the requirements set by the PEFC or FSC chain of custody certificates, which ensures that the wood is harvested in accordance with forest certification requirements that take biodiversity into account. In addition, a chain of custody system that enables the traceability of wood is used in all procurements.

Koskisen's ability to create value is based on a material-efficient and integrated value chain from forest to end product. An integrated operating model is based on interconnected processes that form a business model from wood procurement through production to finished products. The entire value chain is designed around synergistic material flows and an agile operating model, which enables the use of raw materials from different sources.

Koskisen's production facilities are located in Järvelä and Hirvensalmi in Finland and in Skwierzyna and Toporów in Poland. The Group's main market area is Finland and the rest of the EU. Koskisen's customers include operators in the logistics, construction, automotive, stamping, furniture, interior decoration, packaging and chemical forest industries. The company exports to a total of about 70 countries.

Potential sustainability-related impacts, risks and opportunities in relation to the business model and value chain are described in table SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.

Financial information related to the business segments is presented in notes to the consolidated financial statements in Note 2 Segment information and revenue.

Interests and views of stakeholders

SBM-2

Koskisen engages in dialogue with its key stakeholders and develops its operations, strategy and business model based on stakeholder feedback and expectations. The interests, perspectives and rights of Koskisen's employees are an integral part of the company's strategy and business model. Koskisen aims to be a sustainable growth-oriented employer, with related goals including being the best employer in the sector and region, fostering meaningful work, promoting employee well-being and competence, supporting diversity and equality, and offering the opportunity to own shares in the company. Koskisen's key stakeholders, the purpose, forms and content of stakeholder dialogue, and how this dialogue is taken into account in the company's operations are presented in the following table.

Stakeholder	Stakeholder interaction	Purpose of interaction	Relevant themes	Impact on operations, business model, and strategy
Nature and NGOs acting on its behalf	Identification of impacts. Ongoing dialogue with organisations, monitoring of activities, and engagement with diverse viewpoints through different events and platforms.	Minimising adverse effects on forest ecosystems and promoting positive impacts on biodiversity.	Safeguarding diverse forest environments and the ecosystem services they provide in the future. Environmental impacts: – Greenhouse gas emissions – Wastewater treatment – Stormwater collection systems – Waste management (further utilisation of waste fractions as raw materials or for energy) Increasing biodiversity-enhancing actions, including measures that go beyond certification requirements and are based on scientific research.	Wood is sourced as certified, and all operations are carried out in accordance with defined minimum requirements.
Own workforce	Dialogue, consultation, information sharing, and communication	Collaboration and development	Balanced and continuous workload across economic cycles, occupational safety and well-being, fair compensation, competence development, and good working conditions	Securing the availability of workforce and preserving jobs. Goal-oriented development of safety culture and employee well-being.
Local communities	Information sharing, and communication	Collaboration and development	Employment, local reputation/recognition, and environmental factors (nature, noise, pollution). Employment impact, sense of well-being and safety for local residents, tax revenue, and purchasing power. Impacts on employment and competence in factory locations. Small-scale support for local clubs and associations. Environmental impacts are considered both in industrial operations and wood sourcing. Pollution prevention and landscape impact management are also taken into account.	Local communities are taken into account and their voices are heard in decision-making.
Customers and end-users	Collaboration, partnership	Providing high-quality products and advancing both operations and product development.	Long-lasting, carbon-binding products made from renewable raw materials that are traceable and have a known origin. The products must be safe and of high quality, suitable for their intended use, fossil-free, recyclable, competitively priced, and compliant with all applicable requirements. Supply chain audits, certifications, and other systems are used to ensure responsibility and sustainability throughout the value chain. Material efficiency, circular economy principles, and high value-added processing are key. Transparent product information about impacts and raising customer awareness through environmental labelling are essential. Koskisen brand (products).	Carbon footprint, product information, reducing the product-specific carbon footprint, circular economy, material efficiency, and recyclability.

Stakeholder	Stakeholder interaction	Purpose of interaction	Relevant themes	Impact on operations, business model, and strategy
Researchers, academic institutions, and students	Co-operation, assimilation of research-based knowledge	Learning and innovation	Innovation and development work, especially in the field of circular economy, with a focus on increasing the degree of processing through innovation. Creating job opportunities for graduates, and raising awareness among students about working life and its demands. Two-way dialogue – bringing students' perspectives to employers. Collaboration to develop the industry, and sharing knowledge for research purposes.	Innovation of new circular economy products in partnership with others. Collaborative efforts also help secure workforce availability for positions where formal training does not yet exist.
Forest owners	Information sharing, communication, customer relations, and meetings	Sourcing of raw materials, advising forest owners towards sustainable forestry practices, and providing support when needed — for example, in conservation measures.	Responsible sourcing of raw materials (including consideration for biodiversity and prevention of environmental degradation). Ensuring the growth and regeneration of future forests. Knowledge of diverse forest management practices and a wide range of expert services to support the goals of forest owners.	Safeguarding the long-term supply of raw materials
Shareholders and financial institutions	Meetings and communication	Securing and developing operations while creating shareholder value.	Success in ESG themes and integration of sustainability impacts into financing conditions. Risk management from a sustainability perspective. Development of shareholder value, continuity, predictability, transparent communication, and continuous improvement.	Profitability and transparency as the foundation for operations and continuous development.
Advocacy and industry associations	Co-operation	Promoting the development and resilience of the industry	Impacts on the vitality of forestry sector, influencing regulation through collaboration, ensuring and strengthening consistent practices across the industry, and sharing knowledge.	Securing the conditions for continued business operations in a changing operating environment.
Subcontractors, suppliers, and service providers	Collaboration, supply chain management, and meetings	Mutual collaboration to ensure stable operations and advance product development, particularly in terms of sustainability	Predictability and continuity of work, fair practices (improving the overall image of the industry), open communication. Margins are often small, creating the risk of exploitation within the supply chain – ensuring sufficient margins is essential. Providing information, support, and training when needed to promote responsible practices. Collaboration in areas such as equipment procurement or supporting the development of new solutions.	Securing the prerequisites for long-term business continuity through cooperation. Advancing circular economy practices and low-carbon development.

Understanding of stakeholder perspectives

The views of stakeholders were utilised in Koskisen’s double materiality assessment carried out in 2023, on the basis of which Koskisen defined the sustainability matters that are material to the company’s operations. The most significant sustainability matters were related to the procurement of raw materials.

Stakeholder feedback that emerged in the double materiality analysis:

- Biodiversity protection was considered the most material topic. Stakeholders encouraged the company to recommend more biodiversity-conscious forest management and harvesting services to its wood procurement customers, i.e. forest owners.
- Forest damage and EU regulation were identified as the most significant future drivers of increasing raw material prices – highlighting the need to increase the value generated from end products.
- The Zero furniture board was highlighted as an example of an innovative product, and stakeholders expressed the need for more such solutions in the future. From a sustainability perspective, the Zero board stands out for its recyclability and low VOC indoor emissions. In sawn timber products, key focus areas include forest certification and supply chain audits.
- Circular economy innovations were also brought up; stakeholders expressed a desire to find higher value-added applications for by-products, rather than using them solely for bioenergy.
- The new sawmill was viewed positively also from a sustainability perspective: it enables material efficiency gains by allowing the processing of smaller logs. Other investments improving material efficiency, such as the new log sorting line and the barkless veneer lathe, were also mentioned as positive developments.
- The company’s role as the most significant industrial employer in Kärkölä and the surrounding areas was seen as having a clear and positive local impact, which was unanimously acknowledged by the interviewed stakeholders.

Further information on the double materiality assessment is provided in the Material impacts, risks and opportunities and their interaction with strategy and business model section.

The stakeholder perspectives of nature, customers, owners and its own workforce have contributed to strengthening the company’s perceptions of the forces of change and opportunities in the operating environment and have influenced Koskisen’s strategic planning for the period 2024–2027. A comprehensive analysis of the operating environment, including stakeholders, is part of Koskisen’s normal strategic planning practice, and the company has not made any stakeholder-centric changes to its strategy or operating model based on the double materiality assessment.

Stakeholder perspectives and interests regarding the company’s sustainability impacts are taken into account as part of the materiality assessment, which is approved by the company’s administrative, management and supervisory bodies. Stakeholders are also considered annually as part of an ongoing process within Koskisen’s management system.

Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3

E1 CLIMATE CHANGE

Impacts	Type of impact	Time horizon	Value chain	Description
Climate change mitigation				
Emissions from vehicles involved throughout the value chain (including transport of finished products)	Negative impact	All time horizons	Entire value chain	Diesel-powered forestry machinery, along with truck, rail, and maritime transport related to logistics, generate greenhouse gas emissions (Scope 3). In the longer term, fleets based on electricity, biofuels, and synthetic fuels have the potential to reduce these impacts. Additionally, the production processes of both synthetic and wood-based fertilizers used in forestry may also contribute to emissions.
Lifecycle emissions from panel products, adhesives and coatings, plastics and metal raw materials	Negative impact	All time horizons	Upstream	Traditional binders and coatings are traditionally fossil-based and thus cause greenhouse gas emissions. During the production of plastic and metal raw materials, emissions are also generated (Scope 3).
Direct greenhouse gas emissions from production facilities	Negative impact	All time horizons	Own operations	The power plants owned by Loimua, the power plants in Järvelä, the chipboard mill's chip dryer, and other similar instances (with wheel loaders and forklifts) cause greenhouse gas emissions (Scope 1).
Reduction of forest carbon stocks and soil carbon sinks due to harvesting and forest management activities	Negative impact	All time horizons	Upstream	Koskisen's operations, positioned at the upstream end of the value chain, are closely linked to harvesting and forest management activities (including potential ditch network maintenance). These activities result in changes to land cover (such as tree stands and other vegetation), which can temporarily reduce the natural carbon sink capacity of forest areas. The extent of this impact varies significantly depending on the site type and forest management methods applied.
The carbon sequestered by forests is stored long-term in Koskisen's wood products.	Positive impact	All time horizons	Own operations	Koskisen's long-lasting wood products act as carbon sinks by storing biogenic carbon, temporarily removing it from the atmosphere and mitigating its climate warming effect. This includes production side streams like sawdust and chips used in furniture panel manufacturing.
Positive impacts of forest management practices on natural carbon sinks	Positive impact	All time horizons	Upstream	Koskisen offers forest management services to forest owners to promote carbon sequestration and encourages forest regeneration. A well-managed forest – with carefully timed and planned thinning and final felling operations (adapted to site conditions, rotation periods, and carbon sequestration potential) – improves forest growth and health, thereby enhancing its capacity to sequester carbon.
Development of low-emission products that enable emission reductions for the customer	Positive impact	All time horizons	Downstream	When a customer chooses the Zero particleboard or a comparable product in which bio-based binders replace more carbon-intensive fossil-based alternatives, a Scope 3 emission reduction is achieved compared to traditional products.
Energy				
Indirect greenhouse gas emissions from purchased electricity (Scope 2)	Negative impact	All time horizons	Upstream	Approximately 81% (in 2022) of the operational carbon footprint originates from the consumption of grid electricity. The emission intensity of grid electricity depends on the energy mix used in its production. As the share of renewable energy sources increases, this impact could be significantly reduced in the future.
Emission reductions achieved through renewable energy production	Positive impact	All time horizons	Own operations	In 2022, 96% of the heat energy used by Koskisen was already from renewable sources. An investment in a solar power plant will further increase the share of renewable electricity consumption in the future.
Emission reductions through energy savings – improving energy efficiency in own operations	Positive impact	All time horizons	Own operations	Koskisen joined the Energy Efficiency Agreement for Industries, coordinated by the Confederation of Finnish Industries, in 2016. The company is committed to the energy-intensive industry action plan for the period 2017–2025. To date, energy efficiency measures have included, for example, switching to LED lighting, avoiding unnecessary idling of production machinery, and applying energy efficiency criteria in equipment procurement. All energy-saving actions reduce the overall need for energy, which in turn leads to lower greenhouse gas emissions from energy production.

Risks and opportunities	Risk / opportunity	Time horizon	Value chain	Description
Climate change mitigation				
Opportunities related to the transition to a low-carbon society – growth in demand for wood construction and wood-based products	Financial opportunity	Medium term	Downstream	If the construction industry begins to shift away from more emission-intensive concrete structures toward wood construction—driven by changes in customer behavior or regulatory reforms—demand for Koskisen’s products may increase. This growing demand would likely have a positive impact on cash flows, both for Koskisen and the broader sector, and as future prospects improve, it may also enhance access to financing as well as influence its cost and terms. However, the most long-lasting products are not always the most profitable option under shifting market conditions, which can make it challenging to set clear targets and plan production accordingly.
Regulatory risks related to the preservation of carbon sinks (transition risks) – harvesting restrictions	Financial risk	Medium term	Upstream	Koskisen’s manufacturing operations (panel and sawmill industries) are highly dependent on wood raw material. EU and national legislation is expected to impose long-term restrictions on harvesting (e.g., to meet the climate targets set out in Finland’s Climate Act). Any disruptions in the availability, price, or quality of wood raw material would likely have a broad impact on operational cash flows and the value of assets. In a deteriorating market outlook, these factors could also affect the availability, cost, and terms of financing.
Climate change adaptation				
Risks related to the physical impacts of climate change may disrupt the availability of raw materials	Financial risk	Medium term	Upstream	Koskisen’s manufacturing operations (panel and sawmill industries) are highly dependent on wood raw material. Climate change may have adverse effects on forest growth and health due to rising average temperatures. These effects may include forest damage, wildfires, storms, compacted snow, reduced forest growth, warmer winters, and increased vulnerabilities. Disruptions in the availability, price, or quality of wood raw material would likely have wide-ranging impacts on operational cash flows and asset values. In the event of a weaker market outlook, such disruptions could also negatively affect the availability, cost, and terms of financing.
Energy				
Opportunities for energy self-sufficiency achieved through own energy production	Financial opportunity	All time horizons	Own operations	Because e.g. it is possible to produce electricity in connection with heat production, energy self-sufficiency can improve. Energy self-sufficiency increases the buffer against future energy supply disruptions. Also a positive impact on profitability from the perspective of utilising energy subsidies.
Energy efficiency opportunities	Financial opportunity	All time horizons	Own operations	If the reduction in energy use can be achieved by improving energy efficiency per cubic metre produced, cost savings will be achieved that improve margins

E4 BIODIVERSITY AND ECOSYSTEMS

Impacts	Type of impact	Time horizon	Value chain	Description
Impacts on the extent and condition of ecosystems				
Negative impacts on biodiversity caused by land cover changes related to forest management and harvesting operations	Negative impact	All time horizons	Upstream	Koskisen's operations, positioned at the upstream end of the value chain, are closely linked to harvesting and forest management activities. These activities result in changes to land cover (including tree stands, other vegetation, and the condition of water bodies) and reduce the connectivity of species and ecological values. Such impacts broadly affect the natural capacity of terrestrial and aquatic ecosystems to maintain biodiversity.

Risks and opportunities	Risk / opportunity	Time horizon	Value chain	Description
Impacts on the extent and condition of ecosystems				
Regulatory risks related to biodiversity preservation (transition risks) – restrictions on the use of natural resources	Financial risk	Medium term	Upstream	Koskisen's manufacturing operations (panel and sawmill industries) are highly dependent on wood raw material. The decline in biodiversity may lead to regulatory restrictions at the EU or national level regarding the use of natural resources. Disruptions in the availability, price, or quality of wood raw material would likely have broad impacts on the company's cash flows and asset values. In the event of a weakening market outlook, such disruptions could also affect access to financing as well as its cost and terms.
Voluntary biodiversity conservation measures that may reduce the availability of wood raw material (transition risks)	Financial risk	Medium term	Upstream	Koskisen's manufacturing operations (panel and sawmill industries) are highly dependent on wood raw material. The decline in biodiversity may lead to regulatory restrictions at the EU or national level regarding the use of natural resources. Disruptions in the availability, price, or quality of wood raw material would likely have broad impacts on the company's cash flows and asset values. In the event of a weakening market outlook, such disruptions could also affect access to financing as well as its cost and terms.
Direct impact drivers of biodiversity loss (invasive alien species, others)				
Physical risks to raw material availability caused by negative biodiversity impacts	Financial risk	Medium term	Upstream	The decline in biodiversity negatively affects forest health, making forests more vulnerable to damage and reducing the availability of wood. For example, the absence of natural predators of harmful insects or the dominance of a single tree species can increase susceptibility to pests and other forest disturbances. This can lead to reduced wood supply and, consequently, higher raw material prices.

E5 CIRCULAR ECONOMY

Impacts	Type of impact	Time horizon	Value chain	Description
Resources inflows, including resource use				
Reducing natural resource depletion and advancing circular economy principles through the use of production side streams in product development	Positive impact	All time horizons	Own operations	Various side streams from sawing and forest management (such as sawdust, logging residues, etc.) are utilized in panel industry, helping to slow down the depletion of primary resources and natural raw materials.
Reducing natural resource depletion through the use of production side streams in energy and heat production	Positive impact	All time horizons	Own operations	Various side streams from sawing and forest management (such as sawdust, logging residues, etc.) are used in heat production, reducing the need for external or fossil fuels in the process.
Reducing natural resource depletion and advancing circular economy through recycling	Positive impact	All time horizons	Own operations	For example, new uses are identified for offcuts from sawn timber and other recyclable waste materials. Recyclability and sustainability are also considered in procurement processes.
Risks and opportunities	**Risk / opportunity**	**Time horizon**	**Value chain**	**Description**
Resources inflows, including resource use				
Improved profitability through increased utilisation of side streams and recycled materials, as well as enhanced material efficiency	Financial opportunity	All time horizons	Own operations	From a material efficiency perspective, reducing the material input-to-output ratio improves cost-efficiency. Identifying new applications and opportunities for utilizing side streams or by-products in higher value-added products can have a positive impact on revenue and profitability. Similarly, the use of recycled materials in new (panel) products may also contribute positively to both revenue and profitability.
Transition risks associated with the circular economy – uncertainty around the legal classification of industrial side streams	Financial risk	Medium term	Own operations	The relative difficulty of utilising Koskisen's side streams (e.g., in particleboards) may increase if future legislation begins to prioritize recycled materials over industrial side streams.
Resource depletion risks concerning critical inputs, such as wood, water, adhesives, coatings, metals, and plastics	Financial risk	All time horizons	Upstream	Koskisen's manufacturing operations (panel, sawmill, and housing industries) are highly dependent on wood raw material and a range of other resources. Over the long term, resource depletion may lead to the scarcity of certain inputs, which in turn can affect both prices and availability. This may result in a permanently higher cost level, and if outlooks weaken, it could also lead to more limited access to financing or less favorable financing terms.
Resource outflows related to products and services				
Circular economy transition opportunities – increased demand for renewable, wood-based products	Financial opportunity	Medium term	Downstream	Various EU or national level regulations related to material efficiency and recycling requirements – as well as changes in customer behavior – may increase demand for wood-based products suitable for reuse. This could lead to higher revenue and improve the market value of the company's shares as future prospects strengthen.

S1 OWN WORKFORCE

Impacts	Type of impact	Time horizon	Value chain	Description
Working conditions – health and safety				
Negative effects on employee health	Negative impact	All time horizons	Own operations	Various work-related hazards, accidents and work-related health problems: physical (accidents, heat, noise), ergonomic (poorly adjusted workstations, difficult trajectories) and chemical and particulate matter (exposure to substances hazardous to health, e.g. birch wood dust if inhaled, carcinogenic + other chemicals harmful to health, production consumables) negative effects on workers' health.
Positive impacts on employee health and well-being	Positive impact	All time horizons	Own operations	Various health promoting aspects: well-organised occupational safety and safety development measures, access to occupational health care, various counselling services.
Own workforce				
Positive impacts related to Koskisen's position as a significant industrial employer in the surrounding area	Positive impact	All time horizons	Own operations	Koskisen is one of the largest employers in the Päijät-Häme region, creating/supporting the well-being and purchasing power of employees living in nearby areas. In addition, the work generates tax revenue, which in turn supports not only the residents and livelihoods of the local area, but also the well-being of employees and their close friends.
Risks and opportunities	**Risk / opportunity**	**Time horizon**	**Value chain**	**Description**
Working conditions – health and safety				
Risks related to negative effects on safety and health	Financial risk	All time horizons	Own operations	If realised, accident and damage risks at production facilities could lead to Koskisen's obligation to compensate for damages and delay or disrupt the delivery of Koskisen's products and services. Judgments/fines related to possible negligence.
Own workforce				
Opportunities for a positive employer image	Financial opportunity	All time horizons	Own operations	Koskisen's ability to produce results depends on the availability and retention of skilled and motivated personnel. A positive employer reputation can promote recruitment and retention, improving operational stability and thus financial predictability, reducing the risk of loss of income due to labour shortages.
Freedom of association				
Risks posed by industrial action, such as strikes	Financial risk	All time horizons	Own operations	Koskisen's ability to make a profit depends on the work input of its skilled personnel. In the event of a strike or other industrial action, operations may come to a complete standstill, causing delays in deliveries and loss of income

Material impacts, risks and opportunities in relation to Koskisen's strategy, business model and value chain have been discussed as part of the company's double materiality assessment.

Koskisen's most material sustainability matters are directly related to Koskisen's strategic choices, value chain and business model. Climate change mitigation and adaptation, safeguarding biodiversity, transitioning to a circular economy, and topics related to the working conditions and safety of its own workforce are part of Koskisen's strategic planning. Changes in these themes are identified in the due diligence process and, if necessary, implemented in the Group's strategic planning in a proportionate manner based on their significance. This will ensure Koskisen's ability to react to the impacts that may result from changes in material sustainability topics.

According to the company's understanding, its strategy for the period 2024–2027, which is based on wood wisdom, its business model and value chain, take into account material sustainability topics and related impacts, risks and opportunities. The sustainability topics identified and confirmed in the strategy were already taken into account in the preparation of Koskisen's strategy before the double materiality assessment, and no changes have been made to the strategy or business model based on them, and there are no plans to anticipate or significantly respond to the impacts by adjusting the business model or strategy.

Sustainability impacts affect people through own workforce (S1). The positive effects include effects on employees' health and well-being as well as on employment in Koskisen's production locations. The negative effects focus on occupational safety and health. Sustainability impacts affect nature through climate change (E1), biodiversity and ecosystem services (E4) and the circular economy (E5).

From the perspective of climate change, the positive effects include the storage of carbon sequestered by forests in Koskisen's wood products, emission reductions achieved through renewable energy production, emission reductions through energy savings, improving energy efficiency in our own operations, the positive effects of forest management measures on natural carbon sinks, and the development of products with lower emissions that enable the customer's emission reductions. Negative impacts include emissions from vehicles related to wood procurement and transport throughout the value chain (including the transport of finished products), direct greenhouse gas emissions from production facilities, lifecycle emissions from adhesives and coatings for flat products, plastic and metal raw materials, indirect greenhouse gas emissions from the production of purchased electricity (Scope 2), and the reduction of forest carbon stocks and soil carbon sinks in harvesting and forestry.

From the perspective of biodiversity and ecosystem services, the negative impacts are based on changes in land cover related to forest management and harvesting activities.

From the perspective of the circular economy, the positive effects include slowing down the depletion of natural resources and promoting the circular economy by utilising production side streams in products and in heat production as well as through recycling.

Koskisen's material positive and negative sustainability impacts are directly linked to Koskisen's strategy and business model. The impacts come from Koskisen's own operations and direct business relationships in the value chain of wood procurement and the processing wood products industry.

The current financial effects of Koskisen's material opportunities relate to potential revenues or cost savings — and ultimately to cash flows — associated with increasing self-sufficiency in renewable energy production, improving energy efficiency, enhancing material efficiency and the utilisation rate of recycled materials, as well as the positive employer image contributing to easier recruitment and lower employee turnover. Koskisen is not aware of any material sustainability-related risks or opportunities during the reporting period that would, if realised, affect the company's balance sheet value in the 2024 financial year.

The company applies the transitional provision regarding the anticipated financial effects of material risks and opportunities on its financial position, financial performance, and cash flows in the short, medium, and long term, including the reasonably expected time horizons of such effects, by disclosing only qualitative information.

In the short term (1 year), Koskisen may invest in energy efficiency and renewable energy, improving its ability to adapt quickly to rising energy prices and potential energy supply disruptions. Ongoing efforts to enhance biodiversity also support the management of future risks related to raw material availability. In the short term, the company is prepared to respond to regulatory changes, such as climate change mitigation targets. Koskisen can also leverage opportunities related to circular economy and material efficiency in the near future. Efficient use of by-products and investments in new wood-based solutions can generate added value and revenue already within the year.

In the medium term (1–5 years), the company will strengthen the flexibility of its supply chain and its ability to react to changes in the market and regulation. Investments in new production capacity and energy self-sufficiency increase the resilience of the business. The company must adapt to the long-term effects of climate change, such as the decline in biodiversity and the availability of raw materials. In the medium term, Koskisen can take advantage of opportunities, such as the anticipated growth in demand for wood construction and products, especially due to changes in legislation and customer behavior. The use of recycled and circular economy materials saves costs and improves profitability, while strengthening the company's market position.

In the long term (more than 5 years), the company's strategy and business model make it even more flexible and less dependent on raw material price fluctuations and environmental risks. Long-term investments in new technologies and expansion into the global market strengthen the company's resilience. Koskisen is preparing sustainable practices in line with its strategy to help adapt to global environmental risks, such as the challenges of climate change and the depletion of natural resources. In the long term, the company can also benefits from global megatrends such as the green transition and the circular bioeconomy. The use of wood raw material and products may increase, especially due to the demand for long-lasting and more sustainable solutions, which will bring significant growth opportunities for the company. New innovations and expansions can also open up new business areas and revenue growth.

Koskisen's strategy and business model support the preparation for short-, medium- and long-term challenges and opportunities, and they support the company's resilience to environmental, market and regulatory changes.

Information will be provided only on the impacts, risks and opportunities covered by the ESRS reporting requirements, and no information will be provided on the impacts, risks and opportunities that would be covered by the use of other entity-specific reporting requirements.

Description of the processes to identify and assess material impacts, risks and opportunities

IRO-1

The Double Materiality Assessment (DMA) is a formally required method for determining which sustainability matters Koskisen must prioritise in its strategy and operations, and which topics are to be reported in the sustainability statement in accordance with the CSRD.

Koskisen has identified and assessed its resources and operations to determine actual and potential impacts, risks, and opportunities in its own operations as well as in the upstream and downstream parts of its value chain. The identification and assessment process was conducted primarily at a general level, and the company has not separately screened its operations and plans to identify actual or potential future sources of greenhouse gas emissions. Koskisen's impacts on climate change in terms of greenhouse gas emissions are described in the sustainability statement under disclosure requirement E1-6. To support the identification and assessment of climate-related impacts, risks, and opportunities, Koskisen also utilised climate roadmaps developed for the sawmill and forest industry, based on studies and scenarios prepared by organisations such as LUKE, VTT, and ETLA. These roadmaps were particularly used to identify different types of greenhouse gas emissions, physical climate risks affecting the availability of wood raw material, and transition risks and opportunities influencing, for example, the demand for wood construction, also providing direction for evaluating the relative materiality of these factors.

Koskisen carried out its double materiality assessment process for the first time during 2023–2024. The methodology used in the process combined research based on public and selected internal sources, stakeholder interviews, individual technical materiality assessments, and dedicated working group meetings.

The double-materiality assessment process was carried out in three main steps:

1. Understanding the context – reviewing internal materials (operations and business relationships, business model and value chain), other contextual information (sectoral framework, relevant EU sustainability regulation, peer review) and understanding stakeholder views and interests, including stakeholder interviews.
2. Identification of actual and potential impacts, risks and opportunities (IROs) related to sustainability issues – with reference to classification in European sustainability

reporting standards (ESRS 1, paragraph AR16). Koskisen's internal project team was responsible for the phase.

3 Assessment and determination of material impacts, risks and opportunities related to sustainability issues – a consolidated result of both materiality and financial materiality, which is mainly based on Koskisen's internal assessment, observations from stakeholder analysis and workshop work by the Executive Board.

The prioritisation and mutual materiality of the identified impacts, risks and opportunities were assessed with Koskisen's internal project team in a browser-based assessment tool called Inclus in accordance with the principles of ESRS 1 chapter 3 for assessing materiality and economic materiality. The outcome of the assessment is a list of sustainability issues that are material to Koskisen. During the process, the internal control and risk management principles confirmed by Koskisen's Board of Directors were followed.

The starting assumption for the impacts, risks and opportunities to be assessed was the sustainability topics related to the business model and strategy that Koskisen had already identified and reported. The findings were supplemented in the background analysis phase of the process based on the topic recommendations of the most similar established, science-based sector-specific sustainability standards, as well as observations from the review of the reporting practices of peer companies. Based on the background analysis, the most significant sustainability topics in the sector were related to climate change mitigation and adaptation, the preservation of biodiversity, the transition to a circular economy, and issues related to the working conditions of the company's own workforce.

To support the identification and assessment of climate impacts, risks and opportunities, the sawmill and forest industries' Climate roadmaps based on studies and scenarios by Luke, VTT Technical Research Centre of Finland and Etla. The roadmaps were used especially to identify different types of greenhouse gas emissions, physical climate risks affecting the availability of wood raw material and, for example. identifying transition risks and opportunities affecting the demand for wood construction, and also providing guidelines for assessing their mutual materiality. Koskisen's double materiality assessment process was carried out for the first time in 2023. The process was based on a combination of research based on public and certain internal sources, stakeholder interviews, personal technical materiality assessments and working group meetings.

Assessment of materiality of impacts

In the process of identifying and assessing material actual and potential impacts, Koskisen's own operations and the main features of the value chain were mapped. This was done in order to identify activities, business relationships, geographic locations or other factors that contribute to material sustainability impacts related to the environment or people. At the beginning of Koskisen's value chain, there are actions that cannot completely exclude the risk of potential human rights violations, such as in the collection and manufacture of raw materials for key production inputs. In the assessment of the identified potential negative social impacts associated with these measures, emphasis was placed on the severity value in relation to the likelihood of their realisation.

Although the identification process was mainly carried out on a general level, the assessment of Koskisen's own operations focused on sawn timber, plywood and chipboard operations, business relationships with similar customers and, in a geographical sense, on Koskisen's production plant in the municipality of Kärkölä and its surrounding areas. Many of the identified impacts were found to be linked to financial risks, e.g. as a result of different compensation obligations and reputational damage. The links between different degrees of resource dependencies, such as the availability of wood raw material and skilled labour, were also found to be associated with potential risks.

The impacts of biodiversity-sensitive areas mainly occur on the lands of private landowners, on which Koskisen has felling rights, which can thus be equated with site audits. The assessment and management will focus on the impact of the actions taken in these areas.

The assessment identified a number of negative and positive impacts on people, the climate and the environment in which Koskisen potentially or actually participates through its own operations or business relationships (e.g. suppliers, customers and project contractors). The location of impacts in the value chain is described in Koskisen's table of material sustainability impacts, risks and opportunities.
In connection with the review, the key stakeholder representatives (e.g. Koskisen's sawn timber, plywood and chipboard customers, forest owners, personnel representatives and municipal decision-makers) as well as the views of the users of the so-called sustainability reviews (owners and financiers). The views of the impacted stakeholders were used to identify, formulate and assess biodiversity-related impacts, risks and

opportunities. Various circular economy issues, especially related to the utilisation of recycled materials, were emphasised in chipboard customer' views.

The materiality of the identified sustainability impacts was assessed in accordance with the principles of the standards (ESRS 1, chapter 3). The assessment examined potential or actual negative and positive impacts, as well as their scale, scope and, in the case of negative impacts, the irreparable character of the impact. The severity of the negative and positive impacts and the likelihood of their realisation were each assessed on a scale of 1 to 5.

The materiality of the impacts was formed as the product of separate severity and likelihood averages. As a result of the assessments, the mutual order of importance of all identified impacts, risks and opportunities was determined on the basis of materiality values, with the calculated median (11.1) serving as a quantitative threshold for materiality.

Finally, the results were also reviewed qualitatively. Minor adjustments and reweightings were made by consensus, based on stakeholder insights and in cases where certain topics were judged to be unrealistically weighted in relation to Koskisen's overall sustainability profile. The sustainability matters considered material for reporting purposes were determined based on the material impacts, risks, and opportunities grouped under each topic.

The severity of the negative and positive impacts (taking into account the scale, scope and, in the case of negative impacts, pois the irremediable character of the impact), the magnitude of the economic impacts of the risks and opportunities, and the likelihood of their realisation were each assessed on a scale of 1–5.

Materiality of financial impacts

The materiality of the financial impacts related to sustainability risks and opportunities was assessed in the process of determining double materiality by examining their magnitude and likelihood of realisation.

The assessment of sustainability-related risks and opportunities was carried out for the first time as a separate entity from Koskisen's assessment process for other types of risks.

The process took into account the links between material sustainability impacts and financial risks and opportunities. The prioritisation and mutual materiality of the identified impacts, risks and opportunities were assessed with Koskisen's internal project team in a browser-based assessment tool called Inclus in accordance with the principles of ESRS 1 chapter 3 for assessing materiality and financial materiality.

The financial materiality of the risks and opportunities was estimated as the product of the averages of the magnitude and likelihood assessments of the related financial impacts. As a result of the assessments, the mutual order of importance of all identified impacts, risks and opportunities was determined on the basis of materiality values, with the imputed median acting as a quantitative threshold for materiality.

The magnitude and likelihood of financial impacts were estimated from low to high (5–point scale). Actual or very likely financial impacts were given a value of 5 (90–100% likelihood) and any short-, medium- or long-term financial impacts were assessed on a five-point scale between 0% and 100%.

Finally, the results were also reviewed qualitatively. Minor adjustments and reweightings were made by consensus, based on stakeholder insights and in cases where certain topics were judged to be unrealistically weighted in relation to Koskisen's overall sustainability profile. the results were also reviewed qualitatively. Minor adjustments and reweightings were made by consensus, based on stakeholder insights and in cases where certain topics were judged to be unrealistically weighted in relation to Koskisen's overall sustainability profile.

The materiality assessment is carried out as a separate process, after which the risks are treated as part of corporate risk management (ERM) and prioritised by applying their materiality level in the scaling of risks as described above.
Decision-making related to the assessment of sustainability impacts, risks and opportunities is the responsibility of the company's Executive Board under the leadership of the CEO. The process complies with Koskisen's normal management system and the internal control and risk management principles approved by the company's Board of Directors.

The process of identifying and assessing material sustainability impacts, risks and opportunities required by the European Sustainability Reporting Standards (ESRS) was carried out at Koskisen for the first time in June–November 2023.

The need for materiality assessment is reviewed annually. The impacts and risks identified in the materiality process are included in corporate risk management (ERM). When the need for materiality assessment is identified, existing information on the corporate risk process is used as initial data.

The process of identifying, assessing and managing opportunities is carried out as part of the stakeholder and risk management process, the results of which are reported to the Management Team.

The sustainability topics linked to the business model and strategy, previously identified and reported by Koskisen, were used as the starting point for the impacts, risks and opportunities to be assessed.

The findings were supplemented in the background analysis phase of the process based on the topic recommendations of the most similar established, science-based and sector-specific sustainability standards, as well as observations from the review of the reporting practices of peer companies.

To support the identification and assessment of climate impacts, risks and opportunities, the sawmill and forest industries’ climate roadmaps based on studies and scenarios by Luke, VTT Technical Research Centre of Finland and Etla.

The roadmaps were used especially to identify different types of greenhouse gas emissions, physical climate risks affecting the availability of wood raw material and, for example, identifying transition risks and opportunities affecting the demand for wood construction, and also providing guidelines for assessing their mutual materiality.

The identified impacts, risks and opportunities were assessed in a browser-based tool called Inclus in accordance with the principles of ESRS 1 chapter 3. In this way, the starting point for the quantitative materiality assessment was achieved, which was supplemented on the basis of stakeholder views.

Disclosure requirements in ESRS covered by the undertaking’s sustainability statement

IRO-2

IRO-1 Information related to double materiality assessment on non-material topics

ESRS E2 Pollution

Non-material topic. Due diligence and preventive measures related to pollution are part of the everyday operations of production plants subject to environmental permits, which involve regular cooperation and reporting by the authorities. Koskisen has not carried out a detailed screening of the locations of its sites and its business operations to identify the actual and potential impacts, risks and opportunities of soil, air or other emissions to the environment in its own operations or upstream and downstream value chain. The topic was excluded from a more detailed assessment at an early stage in the double materiality analysis. Therefore, no screening methods, assumptions or tools have been defined. Based on the low materiality of the topic, the company has not organised separate consultations on pollution and has not engaged in stakeholder discussions, especially with the affected communities.

ESRS E3 Water and marine resources

Non-material topic. The double materiality assessment did not include a detailed survey of Koskisen’s assets and operations in order to identify impacts, risks and opportunities related to water and marine resources in Koskisen’s own operations or upstream and downstream value chain. The topic was excluded from a more detailed assessment at an early stage of the process. Based on the low relevance of the topic, no stakeholder consultations related to water and marine resources were conducted.

ESRS G1 Business Conduct

Non-material topic. The double materiality assessment was based on an examination of unethical activities, such as anti-corruption and anti-bribery practices, as well as the treatment of suppliers and service providers. Ethical business operations and acting in accordance with them are the foundation of Koskisen's business operations and part of its normal operations. The location, activity, sector or structure of a particular transaction were not assessed separately.

Disclosure Requirement and related datapoint	SFDR reference	Pillar reference	Benchmark Regulation reference	EU Climate Law (11) reference	Page number
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex I		Commission Delegated Regulation (EU) 2020/1816, Annex II		54
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		53
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex I				58
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material, information reported p. 60
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex I		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	92

Disclosure Requirement and related datapoint	SFDR reference	Pillar reference	Benchmark Regulation reference	EU Climate Law (11) reference	Page number
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Not material
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		97
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex I				98
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex I				98
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex I				98
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		101

Disclosure Requirement and related datapoint	SFDR reference	Pillar reference	Benchmark Regulation reference	EU Climate Law (11) reference	Page number
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		102
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	104
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Not material
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Not material
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Not material
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil paragraph 28	Indicator number 8 Table #1 of Annex I, Indicator number 2 Table #2 of Annex I, Indicator number 1 Table #2 of Annex I, Indicator number 3 Table #2 of Annex I				Not material

Disclosure Requirement and related datapoint	SFDR reference	Pillar reference	Benchmark Regulation reference	EU Climate Law (11) reference	Page number
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex I				Not material
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex I				Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex I				Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex I				Not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex I				Not material
ESRS 2 – IRO-1 – E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex I				106
ESRS 2 – IRO-1 – E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex I				106
ESRS 2 – IRO-1 – E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex I				106
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex I				107
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex I				107
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex I				107
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex I				116
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex I				116
ESRS 2 – SBM-3 – S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				118
ESRS 2 – SBM-3 – S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				118
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				119
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		119
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				119
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				119

Disclosure Requirement and related datapoint	SFDR reference	Pillar reference	Benchmark Regulation reference	EU Climate Law (11) reference	Page number
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				121
ESRS S1-14 Number of fatalities and number and rate of work-related paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		130
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				130
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Not material
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				131
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		131
ESRS 2 – SBM-3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not material
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex I				Not material
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex I				Not material
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex I				Not material
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex I				Not material

Disclosure Requirement and related datapoint	SFDR reference	Pillar reference	Benchmark Regulation reference	EU Climate Law (11) reference	Page number
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex I				Not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II DelegatedRegulation (EU)2020/1818, Art 12 (1)		Not material
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex I				Not material
ESRS G1-1 United Nations Convention against corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex I				Not material
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex I				Not material
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex I				Not material

The table below provides a list of sustainability reporting disclosure requirements, including references to the relevant page numbers.

Definition of material information

The material information to be disclosed in the sustainability statement regarding impacts, risks, and opportunities has been defined through the double materiality assessment process, applying a defined materiality threshold.

The materiality of the identified impacts, risks, and opportunities was assessed in line with the principles set out in the standards (ESRS 1, Chapter 3). The severity of negative and positive impacts was evaluated based on scale, scope, and, in the case of negative impacts, also the irremediable character. The financial magnitude of risks and opportunities, as well as the likelihood of their realisation, were assessed on a scale from 1 to 5.

Impact materiality was calculated as the product of the average scores for severity and likelihood. Similarly, the financial materiality of risks and opportunities was determined based on the magnitude and probability of their financial effects.

The results of these evaluations provided a ranking of all identified impacts, risks, and opportunities based on their materiality scores, with a quantitative materiality threshold defined by the calculated median value (11.1). The results were also reviewed qualitatively. Minor adjustments and reweightings were made by consensus, based on stakeholder insights and in cases where certain topics were judged to be unrealistically weighted in relation to Koskisen's overall sustainability profile.

The sustainability matters considered material for reporting purposes were determined based on the material impacts, risks, and opportunities grouped under each topic and are presented in the table below.

Impacts, risks, and opportunities categorized by sustainability topic

Climate change	Biodiversity and ecosystems	Resource use and circular economy	Own workforce
Impacts	**Impacts**	**Impacts**	**Impacts**
The carbon sequestered by forests is stored long-term in Koskisen's wood products	Negative impacts on biodiversity caused by land cover changes related to forest management and harvesting operations	Reducing natural resource depletion and advancing circular economy principles through the use of production side streams in product development	Positive impacts related to Koskisen's position as a significant industrial employer in the surrounding area
Emissions from vehicles involved throughout the value chain (including transport of finished products)		Reducing natural resource depletion through the use of production side streams in energy and heat production	Positive impacts on employee health and well-being
Lifecycle emissions from panel products, adhesives and coatings, plastics and metal raw materials		Reducing natural resource depletion and advancing circular economy through recycling	Negative effects on employee health
Emission reductions achieved through renewable energy production			
Indirect greenhouse gas emissions from purchased electricity (Scope 2)			
Direct greenhouse gas emissions from production facilities			
Positive impacts of forest management practices on natural carbon sinks			
Emission reductions through energy savings – improving energy efficiency in own operations			
Development of low-emission products that enable emission reductions for the customer			
Reduction of forest carbon stocks and soil carbon sinks due to harvesting and forest management activities.			
Risks and opportunities	**Risks and opportunities**	**Risks and opportunities**	**Risks and opportunities**
Risks related to the physical impacts of climate change may disrupt the availability of raw materials	Physical risks to raw material availability caused by negative biodiversity impacts	Improved profitability through increased utilization of side streams and recycled materials, as well as enhanced material efficiency	Risks posed by industrial action, such as strikes
Regulatory risks related to the preservation of carbon sinks (transition risks) – harvesting restrictions	Regulatory risks related to biodiversity preservation (transition risks) – restrictions on the use of natural resources	Transition risks associated with the circular economy – uncertainty around the legal classification of industrial side streams	Opportunities for a positive employer image
Opportunities related to the transition to a low-carbon society – growth in demand for wood construction and wood-based products	Voluntary biodiversity conservation measures that may reduce the availability of wood raw material (transition risks)	Resource depletion risks concerning critical inputs such as wood, water, adhesives, coatings, metals, and plastics	
Opportunities for energy self-sufficiency achieved through own energy production		Circular economy transition opportunities – increased demand for renewable, wood-based products	
Energy efficiency opportunities			

Environmental information

Koskisen creates value for its customers by helping them mitigate climate change and adapt to the future with products and services. Koskisen has committed to continuously minimize the impact of its operations, value chain and the full lifecycle of its products on soil, water, climate and the ecosystems.

EU Taxonomy Report

Information pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

The EU Taxonomy is a classification system for sustainable economic activities as defined in Regulation (EU) 2020/852 of the European Parliament and of the Council (Taxonomy Regulation) that entered into force in 2020, aiming to enhance the transparency of sustainable investment and reorient capital flows towards technologies and business considered sustainable. The Taxonomy Regulation has been gradually supplemented by delegated acts over the years.

In practice, the EU Taxonomy is a list of economic activities identified by the taxonomy with technical sustainability criteria that are considered to play a key role in achieving the EU's six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention
6. Protection and restoration of biodiversity and ecosystems

In addition to taxonomy eligibility (the proportion of own activities that correspond to the activities listed in the taxonomy), companies with disclosure obligations must also report on taxonomy alignment, i.e. the extent to which taxonomy-eligible activities meet the technical criteria for a) substantially contributing to at least one environmental objective, b) avoiding significant harm to the achievement of other environmental objectives (Do No Significant Harm, DNSH), and c) the sufficiency of the Minimum Safeguards aimed at preventing social violations in own operations and supply chain.

For the time being, the majority of Koskisen's product portfolio (timber, plywood and panel products) results from activities that are not identified in the taxonomy and are therefore not taxonomy-eligible. However, this does not mean that Koskisen's product portfolio is unsustainable from the point of view of the EU taxonomy, but that the operations concerned are not currently considered to be among the activities with which the EU considers that it will achieve the most immediate and significant environmental benefits in its economic area. Koskisen's activities related to forest management services, energy efficiency and production investments in production plants and properties, forest biomass-based energy production, various restoration measures and certain low-emission products can be considered to be taxonomy-eligible, i.e. activities identified in the taxonomy. For many taxonomy-eligible activities, meeting the criteria for taxonomy alignment would require detailed investigations and often also their independent verification.

Accounting principle

Koskisen's consolidated financial statements have been prepared in accordance with the accounting standards (IFRS) approved for use in the EU (for more information, see the "Basis of preparation" note to the financial statements). The taxonomy percentages have been calculated by allocating the financial figures presented in the consolidated financial statements (net revenue, CapEx and certain operating expenses (OpEx)) to businesses that have been interpreted as taxonomy-eligible in accordance with the Delegated Act on the disclosure format of the Taxonomy Regulation. CapEx and OpEx were defined as taxonomy-eligible if they relate to Koskisen's own taxonomy-eligible activities or are related to a taxonomy-eligible service or product procured from a third party. The minimum safeguards aimed at preventing social violations were assessed by comparing the activities with the interpretation guidelines of the Commission Notice (2024/C 211/01). There were no significant changes in the definition of financial ratios during the financial year with regard to the interpretation of the taxonomy eligibility of operations or the criteria for determining numerator items.

Taxonomy assessment

Taxonomy eligibility and taxonomy alignment were determined by comparing the activities that generated revenue and were the subject of investments during Koskisen's financial year 2024 with the descriptions of economic activities listed in the taxonomy and their technical criteria. As a large part of Koskisen's product portfolio is currently outside the scope of the taxonomy, the taxonomy assessment is limited to the following taxonomy-eligible economic activities:

CCM 1.3. Forest management

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

PPC 2.4. Remediation of contaminated sites and areas

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

CE 3.2. Renovation of existing buildings

In 2024, Koskisen implemented maintenance measures for factory and office buildings that are taxonomy-eligible. The largest investments were the repair of the plywood and chipboard roof and the reinforcement of the steel structures of warehouse halls 1 and 2. Maintenance activities do not yet meet all of the criteria for substantially contributing to the transition to a circular economy, as the Global Warming Potential (GWP) is not yet calculated for all building renovations.

CCM 3.5. Manufacture of energy efficiency equipment for buildings

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

CCM 3.6. Manufacture of other low carbon technologies

During the financial year 2024, Koskisen prepared the start of commercial production of Zero furniture panel. In the Zero furniture panel, wood-based lignin replaces the fossil-based binder conventionally used in similar products, being a lower-emission alternative to ordinary furniture panels, and therefore it has been interpreted to correspond to the manufacture of other low-carbon technologies referred to in the taxonomy. In addition, Koskisen has invested in a lignin adhesive tank at the chipboard factory. Not all verification data required by taxonomy are available yet.

CCM 4.1. Electricity generation using solar photovoltaic technology

There is a solar power field at Koskisen's Tehdastie factory area. The maintenance of the solar power field has resulted in taxonomy-eligible expenditure. Not all verification data required by taxonomy are available yet.

CCM 4.24. Production of heat/cool from bioenergy

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

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

The Koskipower boiler plant at Koskisen's Tehdastie plant area produces heat and electricity from 97.3% wood biomass. In special cases (e.g. during maintenance work), the boiler plant may also fire fossil fuels, but this proportion has not been calculated in the taxonomy eligibility ratio. Not all the required data concerning the source of the wood biomass are currently available, so it is not yet possible to verify that the activities are taxonomy-aligned.

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

During the financial year 2024, a significant investment was made in the stormwater system of the new log yard. In addition, investments have been made in emergency showers at the plywood and chipboard factories. The technical energy consumption data required to prove taxonomy alignment were not yet available.

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

Koskisen's properties and outdoor areas have seen Investments in the installation of more energy-efficient LED lights, among other things. In addition, the electricity metering and analysis system has been updated. For the time being, in the absence of the required data, it has not been possible to demonstrate all of the technical screening criteria for avoiding sustainability harm.

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

During the year under review, Koskisen invested in a thickness gauge for plywood sanding and quality control camera for coated panels, renewed the logic of the drying chambers and updated the bevel camera, making it possible to improve resource efficiency and thus contribute to the goals of the transition to a circular economy. Incomplete investments in the AI modernisation of the strip sealing camera at the Panel Industry Järvelä plants have also been considered to be compatible with this taxonomy-eligible activity category. Not all of the validation data required for the taxonomy-alignment of data-driven IT/OT solutions promoting the transition to a circular economy are yet available.

CCM 7.7. Acquisition and ownership of buildings

During the year under review, Koskisen purchased a residential property in the noise area affected by the Järvelä production plant. The building lacks the energy efficiency data required for taxonomy alignment.

The EU taxonomy requires companies to disclose how they have avoided duplicate accounting when allocating the shares of turnover, capital expenditure (CapEx) and certain operating expenses (OpEx) to economic activities (numerator items) that are taxonomically eligible (and aligned). The activities listed above correspond to the cost and income items of the business areas that are separately monitored in Koskisen's accounting, which makes it possible to allocate financial figures to parts of operations that are considered taxonomy eligible. If an activity can be considered to be taxonomy-eligible from the perspective of promoting more than one environmental objective, the environmental objective perspective that best corresponds to the nature of the activity has been selected from the criteria and the numerator item of the applicable financial ratio has been allocated to the activity in question as a whole.

Minimum safeguards

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

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

Koskisen has no illegal violations against the aforementioned matters and the Group's current governance structures, practices and controls are designed to avoid negative impacts and, if necessary, remedy them. Koskisen invests in many ways in its social responsibility priorities: occupational safety, employee well-being and maintaining good and fair partnerships with customers and forest owners. The aim is to prevent negative impacts through various policies, guidelines and risk assessments. Various indicators of occupational safety and customer satisfaction are monitored and the results are reported on an annual basis. Koskisen also has a Whistleblowing channel on its website, which can be used to anonymously report any violations. For more information, see section GOV-4 Statement on due diligence of the Sustainability Statement.

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

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	**Code(s)**	**Absolute turnover**	**Proportion of turnover, 2024**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Proportion of turnover, 2023**	**Category (enabling activity)**	**Category (transitional activity)**
		MEUR	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
TAXONOMY-ELIGIBLE ACTIVITIES																			
Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned)		**-**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**-%**	**-%**	**-%**
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Forest management	**CCM 1.3.**	**19.6**	**7.0%**														6.6%		
Manufacture of energy efficiency equipment for buildings	**CCM 3.5.**	**7.5**	**2.6%**														3.3%		
Manufacture of other low-carbon technologies	**CCM 3.6.**	**0.1**	**-%**														-%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**27.1**	**9.6%**														9.9%		
Turnover of taxonomy eligible activities		**27.1**	**9.6%**														9.9%		

TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy-non-eligible activities		**255.2**	**90.4%**
TOTAL		**282.3**	**100%**

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

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code(s)	Capital expenditure	Share of capital expenditure, 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Share of capital expenditure, 2023	Category (enabling activity)	Category (transitional activity)
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
TAXONOMY-ELIGIBLE ACTIVITIES																			
Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	**CCM 4.1.**	**-**	**-%**	**100%**	**-%**	**-%**	**-%**	**-%**	**-%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**4.0%**		
CapEx of environmentally sustainable activities (Taxonomy-aligned)		**-**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**4.0%**	**-%**	**-%**
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Renovation of existing buildings	**CE 3.2.**	**1.0**	**2.9%**														**4.0%**		
Construction, extension and operation of water collection, treatment and supply systems	**CCM 7.3.**	**0.5**	**1.5%**														**0.1%**		
Acquisition and ownership of buildings	**CCM 1.3.**	**0.4**	**1.1%**														**-%**		
Installation, maintenance and repair of energy efficiency equipment		**0.1**	**0.4%**														**1.1%**		
Manufacture of other low-carbon technologies	**CE 4.1.**	**0.1**	**0.3%**														**-%**		
Provision of IT/OT data-driven solutions	**CCM 5.1.**	**0.1**	**0.3%**														**0.5%**		
Forest management	**CCM 4.24.**	**-**	**-%**														**0.8%**		
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**2.2**	**6.6%**														**6.5%**		
CapEx of Taxonomy eligible activities		**2.2**	**6.6%**														**10.5%**		

TAXONOMY-NON-ELIGIBLE ACTIVITIES		
CapEx of Taxonomy eligible activities	**30.7**	**93.4%**
TOTAL	**32.9**	**100%**

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

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	**Code(s)**	**Operating expenditure**	**Share of operating expenditure, 2024**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Share of operating expenditure, 2023**	**Category (enabling activity)**	**Category (transitional activity)**
		MEUR	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
TAXONOMY-ELIGIBLE ACTIVITIES																			
Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned)		**-**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**-%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**-%**	**-%**	**-%**
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Cogeneration of heat/cool and power from bioenergy	**CCM 4.20.**	**1.4**	**10.5%**														**8.1%**		
Production of heat/cool from bioenergy	**CCM 4.24.**	**1.4**	**10.3%**														**10.1%**		
Renovation of existing buildings	**CE 3.2.**	**0.2**	**1.3%**														**1.1%**		
Forest management	**CCM 1.3.**	**0.1**	**0.5%**														**0.5%**		
Remediation of contaminated sites and areas	**PPC 2.4.**	**0.1**	**0.5%**														**0.3%**		
Construction, extension and operation of water collection, treatment and supply systems	**CCM 5.1.**	**-**	**0.3%**														**-%**		
Manufacture of other low-carbon technologies	**CCM 3.6.**	**-**	**0.1%**														**0.1%**		
Electricity generation using solar photovoltaic technology	**CCM 4.1.**	**-**	**-%**														**-%**		
OpEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**3.2**	**23.5%**														**20.2%**		
OpEx of Taxonomy eligible activities		**3.2**	**23.5%**														**20.2%**		

TAXONOMY-NON-ELIGIBLE ACTIVITIES			
OpEx of Taxonomy-non eligible activities		**10.4**	**76.5%**
TOTAL		**13.6**	**100%**

Additional information about taxonomy ratios

Absolute turnover

The taxonomy-eligible turnover for the 2024 financial period consisted of invoicing in accordance with customer agreements for products and services deemed taxonomy-eligible described above, making up the numerator item of the financial ratio. The denominator of the ratio is the Group's total revenue for 2024. For more information, see the financial statements Note 2. Segment information and revenue.

Capital expenditure

The taxonomy-eligible CapEx capital expenditure (CapEx ratio numerator) consists of capitalised increases in tangible and intangible capital related to activities assessed as taxonomy eligible during the financial period before depreciation, impairment and remeasurement. The denominator part of the ratio includes the corresponding capital expenditure for the financial year in its entirety. During the financial year, Koskisen did not have a formal CapEx plan aimed at aligning its operations with the taxonomy in the future. For more information, see financial statements Notes 12. Property, plant and equipment, 14. Lease agreements and 15. Intangible assets.

Operating expenditure

The taxonomy eligible proportion of the OpEx operating expenses referred to in the Delegated Act on the reporting format supplementing the EU Taxonomy Regulation has been calculated in terms of the uncapitalised costs essential for the continuity of operations assessed as taxonomy-eligible connected to maintenance and repairs of buildings, machinery and equipment, short-term leasing contracts and research and development expenses. The denominator part of the ratio includes the corresponding capital expenditure referred to in the Taxonomy Regulation for the financial year in its entirety.

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

ACTIVITIES IN THE FOSSIL GAS AND NUCLEAR ENERGY SECTORS

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

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

ESRS E1 Climate change

Transition plan for climate change mitigation

E1-1

Koskisen has started to prepare a transition plan for climate change mitigation and plans to deploy it by the end of 2025.

During the preparation process, Koskisen has discussed the areas required by the transition plan and the related disclosure requirements in detail.

The strategy and sustainability programme approved by the company’s Board of Directors in 2024 includes measurable targets for mitigating climate change, but does not yet include target values for reducing greenhouse gas emissions in accordance with the Paris Agreement for 2030 and 2050.

Material impacts, risks and opportunities and their interaction with the strategy and business model

ESRS 2 / SBM-3

Koskisen has carried out a climate change resilience analysis to assess the exposure of business operations and assets to the impacts of climate change. The climate change resilience analysis carried out aims to take into account all relevant functions throughout the value chain and no material physical or transition risks have been excluded.

The identification of risks related to climate change began in autumn 2023, and the work on the scenario and resilience analysis continued in autumn 2024. The resilience analysis has been carried out by the Group sustainability team. With regard to the identified physical risks and transition opportunities and risks, activities and assets affected by them have been specified and risk mitigation measures have been described.

The transition to a lower-carbon economic system is a macroeconomic megatrend that strongly supports Koskisen’s strategy, as it increases the demand for renewable low-carbon materials in Koskisen’s customer segments. The increase in the production volumes of low-carbon products increases absolute energy consumption, but correspondingly, relative energy efficiency improves, enabled by existing and future technology investments. Most of the energy used by Koskisen is based on the use of renewable wood-based fuel generated as a side stream of its own production.

The time horizons used in the resilience and scenario analysis are short term (< 1 year), medium term (1–5 years) and long term (> 5 years). The time horizons are similar to those for the assessment of climate-related physical and transition-related risks, but differ from the target year 2027 of the emission reduction targets set in Koskisen’s sustainability programme.

The mitigation measures have been reviewed in relation to the results of the double materiality analysis, but no review of resources has been carried out for individual measures.

The resilience analysis does not include any significant uncertainties, and the activities do not include any assets or business activities at risk that would have been specifically taken into account in defining the company’s strategy, investment decisions and current and planned mitigation measures.

Koskisen’s business model and strategy are structurally well positioned to adapt to climate change in the short, medium and long term. High adaptability is based on three key factors: an integrated operating model and its continuous development through investments, a renewable main raw material and its sustainable sourcing, and low-carbon end products. Koskisen also has long-term expertise and know-how in its own operations and value chain, which is actively utilised as the operating environment changes.

The integrated operating model covers the value chain from forest management to final products. This enables flexible adaptation to changing conditions and efficient use of resources. The renewable main raw material, wood, provides a sustainable basis for business. Koskisen invests in product development and new innovation in the field of low-carbon solutions, actively develops forest management methods and strengthens cooperation with forest owners.

From the point of view of the continuity of operations, it is essential to ensure sustainable wood procurement to secure the supply of raw materials in the future. The most significant uncertainties related to strategy and business adaptation are related to significant changes in the political operating environment and regulation.

Description of the processes to identify and assess material climate-related impacts, risks and opportunities

ESRS 2 / IRO-1

Climate-related scenario analysis

Koskisen carried out an assessment of climate-related threats, risks and opportunities as a scenario analysis in accordance with the TCFD framework in 2023. Key people from the sustainability and communications team and finance, as well as people who have expertise in carbon footprint calculation and resource circulation participated in the implementation of the analysis. The inputs used in the process included the assessment pursuant to the TCFD framework and the company's assessment of environmental impacts and international definitions of climate work. The scenario analysis covered all of the Group's operations, short-term, medium-term and long-term reviews, Koskisen's business and assets, as well as activities throughout the value chain. The time horizon of the scenario analysis extends to 2050.

Scenarios used

SSP1-2.6: Highly effective measures to limit emissions. Global CO_2 emissions should turn to a clear decline already in the 2020s and be even slightly negative by the end of the century. After the middle of the century, the CO_2 concentration will peak at around 470 ppm, but then slowly begin to decrease. The IPCC report estimates that by the end of this century, the global average temperature would have increased by 1.8°C (uncertainty range 1.3–2.4°C) compared to the pre-industrial period.

SSP2-4.5: Semi-successful climate policy. CO_2 emissions will initially increase slightly, but will decline from 2040. By the end of the century, the increase in concentration in the atmosphere will reverse and the concentration will be approximately twice as high as the pre-industrial level. The estimated average global temperature rise at the end of this century will be 2.7°C (2.1–3.5°C).

SSP5-8.5: Efforts to limit emissions fail completely. CO_2 emissions grow rapidly, more than tripling before the end of the century. The CO_2 concentration would then increase and even quadruple compared to the pre-industrial period, and the strong growth would continue from 2100 onwards. The average global temperature rise at the end of this century is 4.4°C (3.3–5.7°C).

Physical risks

The physical climate-related risks faced by Koskisen are mainly related to the procurement of wood and the availability of wood raw material. These represent a risk to business in the upstream value chain.

The impacts of the IPCC's climate scenario SSP5-8.5 have been taken into account in the assessment process of physical risks related to climate change so that the global temperature rise would be 4.4°C. This high-risk climate scenario is a science-based scenario that is commonly used to assess the physical risks of climate change. All physical risks have been assessed in relation to different scenarios.

Climate-related hazards that affect the company's operations have been identified in accordance with the classification of climate-related hazards in Commission Delegated Regulation (EU) 2021/2139 and the exposure of various assets and business operations to these hazards has been assessed in the short (< 1 year), medium (1–5 years) or long term (>5 years). Physical risks mainly concern raw material procurement, which affects the entire business.

Koskisen's most significant short-term physical risks are related to sudden weather-related events and their effects on the availability of wood raw material. Acute climate change-related events can reduce the duration of the soil frost period and make harvesting more difficult. This has a direct impact on the availability of wood and increases costs. In addition, extreme weather events such as storms and floods can cause significant disruptions to production volumes. Risks related to power outages are also acute and can lead to production stops and reduced production volumes, which has a direct impact on the business.

In the medium term, the chronic physical changes caused by climate change are emphasised. High temperatures and drought cause slow growth and forest damage, which affects the availability and quality of wood. These factors increase the price of wood raw material and reduce profitability. In addition, the loss of biodiversity accelerated by climate change affects the natural ability of forests to fight diseases and pests, which can lead to a reduction in the amount of wood.

In the long term, extreme weather events such as storms, cyclones and floods, which affect the availability and price of wood raw material, emerge as the most significant risk. These events can have a significant impact on costs and profitability over the longer term.

Transition risks and opportunities

Koskisen has not identified any assets or businesses that would not be aligned with the carbon neutrality target in the light of the transition events.

The process of assessing transition risks and opportunities related to climate change takes into account the impacts of the IPCC climate scenario SSP1-2.6 so that the global temperature rise would be 1.8°C. This scenario is based on the assumption of successful climate action and constitutes the lowest temperature rise scenario of the IPCC climate scenarios. Transition risks have been identified in the short (<1 year), medium (1–5 years) or long term (>5 years) and their effects on Koskisen's business and assets have been assessed.

Risks related to transition events

In the short term, immediate cost effects are particularly emphasised. Rising prices of fossil fuels and energy, as well as taxes and fees related to these, directly increase operational costs. The high price of biofuels also affects operational costs. At the same time, the company faces challenges related to financing, as the availability of financing can decline and its price increase.

In the medium term, the changes required for adaptation are emphasised. The transition to renewable energy requires significant investments, especially in transport and harvesting equipment. Regulatory changes at EU and national level in the transition to a fossil-free society affect the requirements for the use of chemicals in production and increase costs. At the same time, climate change mitigation and the protection of biodiversity are becoming increasingly important themes in forest management, which can affect the willingness of forest owners to sell timber and thus weaken the availability of raw materials.

Long-term risks are related to fundamental changes in the operating environment. EU and national policy changes can significantly limit the supply of wood and lead to a decrease in production volumes. Tighter regulation of carbon dioxide emissions will increase costs throughout the value chain. The rapid development of technology creates uncertainty in investment decisions, as there is a risk of committing to technology that does not prove optimum in the long term.

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Opportunities related to transition events

In our own operations, improving resource efficiency offers significant opportunities in the short and medium term. The growing demand for industrial by-products and energy wood enables new business models. Utilising the sawmill's own drying capacities provides cost and material efficiency benefits. Opportunities related to improving energy efficiency and in-house energy production, albeit with a more moderate financial impact, support the development of operations.

In the medium and long term, climate change mitigation can increase harvest volumes and facilitate production and revenue growth. The change in the growing season caused by global warming increases the growth rate of trees and opens up new opportunities for cultivating various tree species.

The most significant opportunities in the downstream value chain are the increased use of wood products in construction and as a carbon sink in the medium and long term. Wood products significantly store carbon and their carbon emissions in relation to the volume of the material are low compared to mineral and steel-based building materials. The development of new innovative products helps reduce the carbon footprint and offers significant growth opportunities.

As a whole, Koskisen's opportunities related to transition events particularly focus on the development of products and services as well as improving resource efficiency. Changes brought about by climate change can also open up new opportunities, even if they involve uncertainties. The strengthening of the role of wood products in low-carbon construction is particularly promising.

The climate scenarios used are consistent with the critical climate-related assumptions presented in the financial statements.

Policies related to climate change mitigation and adaptation

E1-2

Koskisen's policies and environmental principles, which apply to Koskisen's operations and geographical locations as a whole, define the company's commitment to the goals and actions that are used in its operations and value chain to mitigate climate change, promote adaptation to climate change and increase the use of renewable energy in relation to the material impacts, risks and opportunities identified in the double materiality process.

In accordance with its operating policy, Koskisen is committed to continuously reducing the impact of its operations, value chain and products on climate, soil, water and ecosystems throughout their life cycle from the point of view of climate change mitigation. Koskisen develops products and production processes that take these principles into account throughout the value chain and product life cycle. The climate and environmental impacts of wood products and our own operations as well as carbon sequestration capacity are well known.

From the perspective of climate change adaptation, the environmental principles emphasise goals and measures that focus on reducing physical acute and chronic risks in the upstream value chain. Commitment to the procurement of certified wood raw material, ensuring biodiversity in forest management and providing advice and training to forest owners and logging companies promote the resilience of forest nature to extreme weather events and, as climate change progresses, increasing drought, heat and the resulting loss of biodiversity. Koskisen does not tolerate deforestation in its supply chain.

From the perspective of renewable energy and energy efficiency, Koskisen is committed to promoting the abandonment of fossil energy sources and raw materials and implementing energy efficiency and energy saving measures in its own production plants. Biofuels are produced from felling waste and by-products of wood processing and used as fuel for Koskisen's plants and nearby district heating plants. Koskisen promotes a material-efficient circular economy in which wood raw material is used down to the last particle of sawdust.

Both the operating policy and environmental principles have been approved by the company's Board of Directors. The executives of the Group and the business units belonging to the company's Executive Board are responsible for their implementation and reporting to the Board of Directors. Stakeholder perspectives have been taken into account in the preparation of the principles as part of the double materiality analysis, on the basis of which the update work has been carried out. The environmental principles are available to stakeholders on the company's website at Policies and principles – Koskisen.

Actions and resources in relation to climate change policies

E1-3

Koskisen's key actions to mitigate climate change in the reporting year 2024 focused on energy efficiency and the modernisation of production in Koskisen's own operations at the Järvelä locations.

An electricity contract based on nuclear electricity is a significant step towards emission-free energy production, as nuclear electricity does not generate direct greenhouse gas emissions.

The partial renewal of electricity metering and the analysis system enables more accurate monitoring and optimisation of energy consumption, which helps identify savings targets and reduce unnecessary energy use.

The deployment of a spindleless peeling line and the modernisation of the veneer dryer at the plywood plant improves the energy efficiency of production processes.

The measures have not required significant operating expenses (OpEx) and/or capital expenditures (CapEx). The company has not had an estimate of the expected emission reductions. The ability to implement measures does not depend on the availability of resources. The achieved emission reductions are described in the table in section E1-4 Targets related to climate change mitigation and adaptation.

Key actions	Implementation schedule	Decarbonisation lever
Nuclear energy-based electricity contract	Implemented in the reporting year 2024	Other
Renewal of electricity measurement and analysis system	Implemented in the reporting year 2024	Energy efficiency
Spindleless peeling line	Implemented in the reporting year 2024	Material efficiency
Veneer dryer modernisation	Implemented in the reporting year 2024	Energy and material efficiency

At the end of the reporting period, Koskisen was planning future actions related to climate change mitigation and adaptation. The action plan will be completed during 2025, in connection with which the dependency of the measures on the availability and allocation of financial resources will also be assessed and the availability of sufficient resources for implementation will be ensured.

Capital and operating expenditure allocated to the actions are presented in the notes to the financial statements, key performance indicators, the Capex plan and taxonomy reporting.

Targets related to climate change mitigation and adaptation

E1-4

Koskisen set targets related to climate change mitigation, energy efficiency and renewable energy in its sustainability programme published in 2024.

The targets of Koskisen’s sustainability programme are described in the table below. The targets of the sustainability programme correspond to the objectives of the Code of Conduct. The emission reduction targets have been set to follow and aim towards the goal of limiting global warming to 1.5 degrees Celsius, in alignment with the Paris Agreement and reflecting the scientific recommendations of the Intergovernmental Panel on Climate Change (IPCC).

The goals and objectives of Koskisen’s sustainability programme are based on the double materiality analysis carried out by the company, in which its stakeholders were involved. No stakeholders were involved in setting separate climate-related targets.

The targets were set only during the reporting year, and the values of the performance indicators reflecting their achievement will be reported from the reporting year 2024 onwards.

Targets	Target for 2027	Base year 2022	Actual 2024	Location and geographical boundary
Reduction of energy consumption, and energy efficiency	-5% MWh/m^3 compared to base year 2022	0.6 MWh/m^3	0.54 MWh/m^3	Own operations in all geographical locations
Reduction of energy consumption, and energy efficiency	-5% MWh/EUR million compared to base year 2022	1,143 MWh/EUR million	1,093 MWh/EUR million	Own operations in all geographical locations
Increased use of renewable energy	99%	96%	97%	Own operations in all geographical locations
Reducing emissions from own operations	-50% $tC0_2eq$ compared to base year 2022	Location- and market-based 2022: 180,810 tCO_2eq 190,813 tCO_2eq	Location- and market-based 2024: 171,838 tCO_2eq 167,185 tCO_2eq	Own operations in all geographical locations
Reduction of value chain emissions	-20 $tC0_2eq$ compared to base year 2022	168,560 tCO_2eq	160,990 tCO_2eq	Upstream and downstream value chain
Increasing the carbon handprint	+30% compared to base year 2022	310,754	272,376	Own operations and downstream value chain

The emission targets set are consistent with the Scope 1, 2, and 3 emissions categories of the GHG Protocol used in Koskisen's greenhouse gas emissions reporting. Scope 1 and 2 are included in the common target and have not been separated in the target setting. All emission categories are included in the targets and the categories are presented in section E1-6. The base year is 2022. The figures for 2022 have not been validated in accordance with the sustainability statement.

The base year for all targets is 2022. When setting the basic values, it has been ensured that they do not include deviations due to exceptional weather conditions, production volumes or energy procurement, for example.

Koskisen's greenhouse gas emission reduction targets do not yet include an approved roadmap for the long-term targets for 2030 and 2050, which is why they cannot yet be considered compatible with the 1.5 degrees Celsius target or based on climate science. The objectives take into account the assumptions presented in Koskisen's strategy regarding the development of the operating environment and Koskisen's business. Koskisen expects sustainability, urbanisation and the development of trade and transport to support the growth of demand for sustainable wood-based materials and products. Koskisen also assumes that it will be able to further improve the energy and material efficiency of its operations by developing synergistic business operations, the circular economy and the integrated operating model. Koskisen's goal of creating new innovative lower-carbon, energy- and material-efficient wood-based products has also been taken into account. These factors are assessed to separately and together support the achievement of the emission reduction targets. The actual roadmap and calculations for the emissions development pathway have not yet been prepared, even though the work has started.

The decarbonisation levers and their quantification are a key part of Koskisen's future transition plan for climate change mitigation. Its preparation has begun and the company plans to implement it by the end of 2025. Koskisen's goal is to present the specified decarbonisation levers and the estimated impacts in the 2025 sustainability report.

Koskisen will describe the climate scenarios used and the conclusions made about the operating environment in the same context.

Energy consumption and mix

E1-5

Energy consumption includes direct and indirect energy consumption at Koskisen's locations. The reported data is derived from measurements based on data and invoices provided by external suppliers. The quantity of oil used is measured in litres or weight and converted into energy quantities by means of factors. For other fuels, average values are used, converted using specified factors into amounts of energy, which expresses the amount of energy as energy content. The amount of energy produced after the efficiency of the power plants is based on invoices in euros. For power plants operating in connection with Koskisen's Järvelä operations, measurements are carried out on site, and their conversion factors have been determined by external research institutes based on fuel samples. For wood-based fuels in power plants, dry heat powers have also been specified, used to obtain the calculated amount of energy.

Energy consumption and mix	2024
Fuel consumption from coal and coal products (MWh)	-
Fuel consumption from crude oil and petroleum products (MWh)	8,760
Fuel consumption from natural gas (MWh)	121
Fuel consumption from other fossil sources (MWh)	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	-
Total fossil energy consumption (MWh)	8,881
Share of fossil sources in total energy consumption (%)	3%
Consumption from nuclear sources (MWh)	66,586
Share of consumption from nuclear sources in total energy consumption (%)	22%
Fuel consumption for renewable sources (MWh)	230,288
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	811
The consumption of self-generated non-fuel renewable energy (MWh)	1,865
Total renewable energy consumption (MWh)	232,964
Share of renewable sources in total energy consumption (%)	76%
Total energy consumption (MWh)	308,431

Energy generation	2024
Non-renewable energy generation (MWh)	6,327
Electricity generation from non-renewable sources (MWh)	-
Heat generation from non-renewable sources (MWh)	6,327
Renewable energy generation (MWh)	233,291
Electricity generation from renewable sources (MWh)	2,912
Heat generation from renewable sources (MWh)	230,379
Share of biofuels in heat generation (%)	97%

Energy intensity per net revenue	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/EUR million)	1,093

Energy intensity per production volume	2024
Energy intensity per production volume	54%

Koskisen's activities are included in NACE main categories (Rev 1.1) A 020 Forestry, logging and related service activities, DD 2010 Sawmilling and planing of wood; impregnation of wood, DD 2021 Manufacture of veneer sheets; manufacture of plywood, laminboard, particle board, fibre board and other panels and boards and DM 3430 Manufacture of parts and accessories for motor vehicles and their engines, all of which are included in high climate impact sectors.

Reconciliation of energy intensity	2024
Net revenue from activities in high climate impact sectors	282,262,482.57
Revenue in the comprehensive income statement of Koskisen's consolidated financial statements (IFRS)	282,262,482.57

Gross Scopes 1, 2, 3 and Total GHG emissions

E1-6

The carbon footprint assessment calculates the product's potential impact on global warming as carbon dioxide equivalent (CO_2eq). The carbon footprint calculation follows the GHG Protocol. The purpose of the calculation is to determine the entire Group's carbon footprint as a means of communication and reporting to stakeholders. Stakeholders to whom the carbon footprint is to be communicated include customers, forest owners, employees, financing providers and authorities. The calculation is carried out annually according to the same principles so that it can be reliably used to monitor the development of the carbon footprint and determining targets. The Group's carbon footprint covers the Group's operations over one year. The carbon footprint is reported per revenue in EUR million and the volume unit m^3, which is the storage unit commonly used in the Group for all product groups. The calculation includes Scopes 1 and 2 and Scope 3, as applicable, for all Group activities. The Scope 3 categories excluded from the calculation are described later in the report. The calculation follows a scientific approach and uses the most accurate information available. If estimates, averages, assumptions or other choices have to be used in the calculation instead of scientific information, they are described in connection with the calculation and in the statement report. Information describing the Group's operations as closely as possible is used as inputs.

The inputs are mainly non-location-specific primary data. Emission factors are mainly scientifically justified secondary data, the sources of which are described in connection with the calculation. The emission factors used are the factors found in the OneClickLCA system's databases, from which the most illustrative option is selected.

The carbon footprint calculation is not geographically limited, as the majority of products end up in exports to different continents and their impacts throughout their entire life cycle are taken into account.

The calculation is carried out using the OneClickLCA system. As far as possible, the data collected for the other information requirements of the ESRS standards is used in the data collection. All assumptions used in the calculation are clearly stated. The assumptions and selections related to the calculation details are described below in the report.

General assumptions as the basis for calculation:

- By default, wood raw material produces no carbon dioxide emissions over the product's service life.
- In the end-of-life phase, the products are disposed of by incineration, which generates emissions from the adhesives and coatings contained in panel products. The emissions from the incineration of wood material are zero, assuming that the forest is regenerated.

The calculation uses an allocation procedure to avoid double calculation between different product groups. With regard to products moving within the Group, emissions are allocated to the final product sold to an external customer. This applies, for example, to the use of wood chips from sawn timber production as raw material for chipboard and the use of logs purchased from timber procurement as raw material for sawn timber. The main applications of the Sawn Timber Industry and Panel Industry segments are expected to be long-lasting wooden structures that last for more than ten years, so the products bind organic carbon during their service life, creating a carbon handprint. The carbon handprint is reported separately and is not added to the carbon footprint.

The Panel Industry segment's plywood and chipboard products are used in construction, transportation, stamping, interior design and furniture, carpentry, walls and floors. Kore products are transport flooring solutions for the automotive industry. Sawn Timber Industry's products are used in construction (floors, walls, structural sawn timber), carpentry, packaging and timber trade.

The service life of by-products, wood procurement and products of the thin plywood industry is assumed to be less than ten years, and the impact of carbon sequestration is not calculated for them. Outbound by-products go to pulp mills for pulp production and energy use. Outbound logs go to the sawmill and plywood industry, fibre to the pulp industry and energy wood and chips for energy production. The applications of veneers and thin plywood in the plywood industry include aircrafts, design products, laser cutting and CNC machining, interior design elements, technical structural panels and musical instruments.

	Retrospective				Milestones and target years**			
	Base year	2023*	2024	% 2024/ 2023*	2025	2030	(2050)	Annual % target/base year
Scope 1 GHG emissions	2022	N/A		N/A	N/A	N/A	N/A	N/A
Gross scope 1 GHG emissions (tCO_2eq)	7,576	N/A	6,195	N/A				
Percentage of scope 1 GHG emissions from regulated emission trading schemes (tCO_2eq)	N/A	N/A	27%	N/A				
Scope 2 GHG emissions	2022			N/A	N/A	N/A	N/A	N/A
Gross location-based scope 2 GHG emissions ($tCO_2eq.$)	4,674	N/A	4,653	N/A				
Gross market-based scope 2 GHG emissions (tCO_2eq)	14,676	N/A	-	N/A				
Significant scope 3 GHG emissions	2022			N/A	N/A	N/A	N/A	N/A
Total Gross indirect (scope 3) GHG emissions (tCO_2eq)	168,560	N/A	160,990	N/A				
1 Purchased goods and services	96,005	N/A	78,961	N/A				
2 Capital goods	9,942	N/A	15,962	N/A				
3 Fuel and energy-related activities (not included in scope 1 or scope 2)	11,977	N/A	16,569	N/A				
4 Upstream transportation and distribution	3,586	N/A	3,810	N/A				
5 Waste generated in operations	990	N/A	871	N/A				
6 Business travelling	228	N/A	180	N/A				
7 Employee commuting	974	N/A	819	N/A				
9 Downstream transportation	38,723	N/A	38,165	N/A				
12 End-of-life treatment of sold products	6,137	N/A	5,653	N/A				
Total GHG emissions								
Total GHG emissions (location-based) (tCO_2eq)	180,810	N/A	171,838	N/A				
Total GHG emissions (market-based) (tCO_2eq)	190,813	N/A	167,185	N/A				

*Comparison data is not provided on the basis of the transitional provision.
**The current targets have been set for 2027 and have been previously reported under the heading E1-4.

Scope 1 and 2 CO_2 emissions	2024
Gross Scope 1 and 2 GHG emissions (location-based) (tCO_2eq)	10,848
Location-based Scope 1 and 2 CO_2 emissions per net revenue	38
Gross Scope 1 and 2 GHG emissions (market-based) (tCO_2eq)	6,195
Market-based Scope 1 and 2 CO_2 emissions per net revenue	22

Biogenic emissions of CO_2	2024
Biogenic emissions of CO_2 separate from scope 1 emissions (tCO_2eq)	86,819
Biogenic emissions of CO_2 separate from scope 2 emissions (tCO_2eq)	-
Biogenic emissions of CO_2 separate from scope 3 emissions (tCO_2eq)	827,419

Share of primary data of Scope 3 GHG emissions	2024
Share of primary data in GHG Scope 3 calculation (tCO_2eq)	88,498
Share of primary data of Scope 3 GHG emissions	55%

GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue (tCO_2eq/EUR million)	609
Total GHG emissions (market-based) per net revenue (tCO_2eq/EUR million)	592

The revenue used in the calculation of greenhouse gas intensity corresponds to the Group’s consolidated revenue, which can be found under ’Consolidated financial statements (IFRS), consolidated statement of comprehensive income.

Accounting principles

GHG emissions have been calculated in accordance with the GHG Protocol. The calculation system used is OneClickLCA, which provides access to the EPD database and Ecoinvent’s emission factors. The biogenic emissions from the end-of-life treatment of sold products only include carbon dioxide emissions, but for the fuels used in Scope 1, the calculation also takes other gases into account.

Scope 1 GHG emissions include all direct emissions from Koskisen Group’s own plants and sites. The calculation has been made using the OneClick LCA GHG Reporting tool. The calculation covers the operating countries (Finland, Poland). Fuel consumption is obtained from purchase invoices. Own electricity production is read from electricity reports. The emission factors are selected from the OneClick LCA software to best cover the activity and geographical region.

Scope 2 GHG emissions cover both of the Group’s operating countries, Finland and Poland. In Finland, electricity consumption data is collected from the EnerKey portal, and in Poland, the data is based on purchase invoices. The location-based calculation uses the average emission factors of electricity production in Finland and Poland. The market-based calculation uses the emission factors of nuclear energy in Finland and the emission factors of renewable electricity in Poland. Since no separate data in which the direct emissions from nuclear energy were defined as zero was available in the calculation software used, the emission factor for renewable electricity was applied for nuclear energy. In addition, the Finnish renewable electricity emission factor was used for Poland, as no separate country-specific renewable electricity factor was available for Poland.

Scope 3 emissions are reported on the basis of the GHG Protocol, in which they are divided into 15 categories (C1–C15):

C1 (Purchased goods and services)

The calculation uses the average-data method, in which emissions are estimated by collecting information on the mass or other relevant unit and multiplying it by the average emission factor applicable to the activity in question. The calculation covers the company’s two operating countries, Finland and Poland. The emissions of purchased services have been estimated using monetary data and euro-based emission factors. The emission factor used was always the value that best described the activity in question and was available in the OneClick LCA database. The calculation assumptions were that raw materials, packaging materials and other materials used at the plants account for the most significant part of emissions. No direct emission factors were found for impregnated adhesive papers, so the emission factors of paper and resin were combined as their emissions.

C2 (Property, plant and equipment)

The calculation uses the average-data method, in which emissions are estimated by collecting information on the mass or other relevant unit and multiplying it by the average emission factor applicable to the activity in question. The calculation covers the company's two operating countries, Finland and Poland. The emissions of purchased services have been estimated using monetary data and euro-based emission factors. The emission factor used was always the value that best described the activity in question and was available in the OneClick LCA database. The calculation assumptions were that raw materials, packaging materials and other materials used at the plants account for the most significant part of emissions. No direct emission factors were found for impregnated adhesive papers, so the emission factors of paper and resin were combined as their emissions.

C3 (Fuel and energy-related activities)

In the calculation, scope 1 and 2 emissions have been estimated by multiplying them by upstream emission factors (stages A1–A3). The calculation covers both operating countries, Finland and Poland. The assumption is that the transmission loss of electricity in Finland is less than 2% on average (Fingrid, 2023), and accordingly, a transmission loss of 2% has been applied in the calculations. In addition, upstream emissions of wood-based biofuels (e.g. by-products) are included in the emissions of logs included in raw materials.

C4 (Upstream transportation and distribution)

The calculation uses the average-data method, in which emissions are estimated based on fuel consumption or kilometres driven and multiplying them by the suitable emission factor. The calculation covers both operating countries, Finland and Poland. The assumption is that the harvesting and transportation of wood raw material are included in category 1, i.e. they are included as part of the emissions of purchased goods and services.

C5 (Waste generated in operations)

The calculation uses the average-data method, in which emissions are estimated based on the mass data of waste volumes by multiplying it by the average emission factor applicable to the waste type in question. The calculation covers the Group's operations in Finland and Poland. The average emission factors for mixed waste and hazardous waste have been used as a default, and recycled waste has not been reported separately.

C6 (Business travel)

In the calculation, travel by car is based on the stated kilometre allowances. The GHG emissions of flights have been obtained directly from the travel agency, and they have been calculated using the DEFRA method. Emissions from travel by ship, bus, taxi, metro, air, train and boat have been estimated based on the average travel distances of each mode of transport group. The following average distances have been used as a default for different modes of transport (excluding flights): ship 87 km, taxi 10 km, bus 20 km and metro 10 km.

C7 (Employee commuting)

Employee commuting includes travel between home and work. The average distance has been calculated based on the municipalities from which the employees come and how far these locations are on average from the plant sites. The calculation covers the Group's operations in Finland and Poland. The assumption is that all employees travel to work by a petrol-powered car, as no more detailed statistics on modes of transport are available.

C9 (Downstream transportation and distribution)

The calculation uses the average-data method, in which emissions are estimated on the basis of the distances transported by multiplying them by the emission factor corresponding to the mode of transport. The calculation covers the Group's operations in Finland and Poland. The distances to different countries have been roughly estimated and are based on estimates of average transport distances between the destination countries.

C12 (End-of-life treatment of sold products)

The calculation method used was the mass of sold products multiplied by the average end-of-life emission factor of wood waste. The calculation covers the Group's operations in Finland and Poland. The calculation of biogenic emissions was based on the following assumptions: the dry matter content of wood is 80%, the proportion of carbon in the dry matter is 50% and the conversion factor of carbon to carbon dioxide is 44/12, i.e. 3.667 (molar mass ratio). The calculation was done manually because there were no applicable emission factors available in the OneClick LCA tool.

Koskisen has concluded an entirely nuclear power-based electricity contract with Vattenfall to cover all operations in Finland. In Poland, the electricity contract is based on 100% renewable energy.

The table below broken down by Scope 3 categories shows which categories have been included in the calculation of greenhouse gas emissions and which have been excluded as irrelevant for the Group's operations. The impacts of categories 7, 8, 10, 11, 13, 14 are minor and not included in the emission figures.

Upstream Scope 3 emissions	
Category 1: Purchased goods and services	included
Category 2: Capital goods	included
Category 3: Fuel- and energy-related activities	included
Category 4: Upstream transportation and distribution	included
Category 5: Waste generated in operations	included
Category 6: Business travelling	included
Category 7: Employee commuting	included
Category 8: Upstream leased assets	n/a
Other	n/a

Downstream Scope 3 emissions	
Category 9: Downstream transportation and distribution	included
Category 10: Processing of sold products	n/a
Category 11: Use of sold products	n/a
Category 12: End-of-life treatment of sold products	included
Category 13: Downstream leased assets	n/a
Category 14: Franchises	n/a
Category 15: Investments	n/a
Other	n/a

GHG removals and GHG mitigation projects financed through carbon credits

E1-7

Greenhouse gas removals include the sequestration of biogenic carbon in Koskisen's wood products. The method of calculating carbon sequestration is based on product-specific EPD calculations verified by an external party, and calculation pursuant to the GHG Protocol, which Koskisen has commissioned from an external service provider and is described in section E1-6 Gross and Total Scope 1, Scope 2 and Scope 3 GHG emissions.

Koskisen manufactures long-lasting wood products that bind biogenic carbon for decades. When growing, wood naturally absorbs carbon dioxide from the atmosphere, which is retained in the wood until the wood product is ultimately disposed of by incineration or composting. Koskisen sells its products to the construction industry, among others, where wood products generally last for decades. There are no policies for managing the risk of non-permanence.

The amount of carbon dioxide stored in wood products is calculated by multiplying the sales volumes by negative biogenic carbon dioxide emissions according to the environmental product declarations (EPDs). The calculation takes into account products for which an environmental product declaration exists and which can be assumed to have a life cycle of more than 10 years.

GHG capture	2024
Carbon dioxide stored in long-lived products (tCO_2eq)	272,376

Internal carbon pricing

E1-8

Koskisen has not implemented an internal carbon pricing system.

ESRS E4 Biodiversity and ecosystems

Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS 2 / SBM 3

Koskisen's material impacts, risks, and opportunities related to biodiversity and ecosystems are located in the forest management part of the value chain. The location includes Koskisen's wood procurement area and the sites which the company owns or has felling rights to. In factory operations regulated by local environmental legislation, the sites are not associated with material impacts, risks or opportunities related to sustainability.

The forestry operations related to Koskisen's value chain in the aforementioned locations may have a negative impact on biodiversity-sensitive areas. Koskisen mainly procures wood from Central, Eastern, and Southern Finland, primarily from private landowners and to a small extent from the company's own forest properties. Koskisen has harvesting rights on the properties of private landowners, which means that Koskisen is responsible for operations on behalf of the landowner.

The ecological state of the forest ecosystems at the locations corresponds to the basic level of Finnish forest nature. There may be biodiversity-sensitive areas at individual sites or near them. The location and other relevant information of biodiversity-sensitive areas to be considered in forestry operations are based on official data and are managed in the forest information system, where there is information about individual sites. This information can also be obtained through official notifications based on the statutory forest use declaration. Some sites may also be encountered in the field, as not all sites have preexisting information available.

In Koskisen's wood procurement areas, the aforementioned sensitive areas are presented in Table E4-5 under the section 'Impact metrics related to biodiversity and ecosystems change' in the subsection 'Sites near protected areas (pcs and ha)'.

The company has identified that its upstream activities may cause material negative impacts related to land degradation. No negative effects have been found on soil sealing or desertification.

Forestry operations may affect threatened species in the forest environment.

Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

ESRS 2 / IRO 1

Koskisen has assessed the actual impacts and risks related to biodiversity and ecosystems throughout its value chain, including its own sites. Negative impacts and risks have been identified at the upstream value chain, in Koskisen's and private landowner's forests where the raw material is purchased. The process for identifying and assessing material impacts, risks and opportunities is described in the general disclosures of the sustainability report in IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities.

The material impacts are concentrated at the upstream value chain. Koskisen's operations at the upstream value chain are intrinsically linked to harvesting and forest management. These measures cause changes in land cover (the state of trees and other vegetation and water bodies) and weaken the interconnectedness of species and natural values, which have a wide-ranging impact on the ability of land and water areas to maintain biodiversity. The effects are visible in different ways depending on the time span examined.

Physical and transition risks have been identified in accordance with the double materiality assessment described in the resilience analysis prepared by the company, which is outlined in section E4-1.

The process of identifying and assessing material impacts, risks, and opportunities has taken into account stakeholders affected by these impacts through interviews with a selected group. Targeted consultations with communities affected by impacts related to biodiversity and ecosystems have not been arranged.

Individual sites within Koskisen's wood procurement areas, or in their vicinity, may contain biodiversity-sensitive areas. Finnish legislation identifies habitats and protected areas that are sensitive to forestry, but where forestry operations may be carried out in close proximity.

Operations taken near water bodies also have potential impacts on aquatic ecosystems. Operating in the vicinity of these sites is regulated by law, and requirements for operations at these site are set by certification schemes.

Koskisen operates in the vicinity of these areas in accordance with laws, forest certification requirements and national forest management recommendations. Actions to protect biodiversity will be implemented to prevent or mitigate the effects of the operations, taking into account the requirements set by the EU Birds and Habitats Directives. A key method for this is operating in compliance with the national Natura 2000 network.

Sites located in biodiversity sensitive areas

	2024
Sites near protected areas (pcs)	200
Sites near protected areas (ha)	705

Koskisen has operated in the vicinity of these areas in accordance with laws and requirements, and no mitigation actions have been necessaryn during 2024.

Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

E4-1

The resilience of Koskisen's business model and strategy in relation to biodiversity and ecosystems has been assessed in terms of physical, transition and systemic risks. Although the business model and strategy show resilience, the assessment involves significant risks. The key risks are related to the availability of raw materials, the effects of climate change and other value chain impacts. The analysis covers the upstream value chain, especially from the perspective of raw material procurement. Downstream value chain has not been examined at the moment. The review focused on physical and transition risks.

Key assumptions used in the analysis:

- Regulation of biodiversity issues will become stricter, particularly regarding the expansion of protected areas and restrictions on the use of raw materials. The impacts of the EU Biodiversity Strategy for 2030 are estimated to increase costs and require new operating models in the value chain.
- The negative impacts of climate change on forests will increase. Droughts and extreme weather events are becoming more common. This is expected to weaken the availability of raw materials and increase price volatility. The resource capacity of forests is weakening.
- Koskisen's operations have most impact in areas that are most biodiversity-sensitive. The estimate is based on a review of critical production areas. No significant impact assessment has been carried out for the global value chain.
- Various measures to support biodiversity help mitigate risks, but their scalability is slow and therefore the effects will be visible in the medium to long term.
- Negative climate and biodiversity impacts will occur moderately, increasing over the next 10–20 years.
- The analysis of Koskisen's operational impacts focuses on the wood procurement area located in Finland.

The analysis covered a short-, medium- and long-term review.

Results of the analysis

The resilience analysis identified the following risks:

- Availability of raw materials: the greatest risk of the strategy is seen as the decline of biodiversity, which has a direct impact on the availability of raw materials. In particular, the loss of forest biodiversity and soil degradation are critical factors that can weaken the raw material supply chain.
- Impacts of climate change: The degradation of ecosystems, including the reduction of forest carbon sinks and the increase in extreme weather events, increases both operating costs and difficulties in accessing raw materials. Drought and moisture conditions affect forest areas, which increases the risk level in all operating areas.
- Impact on the value chain: The risk assessment includes consideration of long-term issues, such as supply chain disruptions caused by biodiversity loss, which can increase costs and complicate operational planning.

Short-term risks highlight fluctuations in raw material prices, which may be caused by, for example, increased unpredictability of weather phenomena. In addition, in the short term, potential regulatory changes, such as immediate additional restrictions on the use of natural resources, may be significant.

In the medium term (5–10 years), the impacts of implementing biodiversity strategies are highlighted, including stricter regulation and the related increases in operating costs. The effects of climate change on ecosystems, such as an increase in droughts, may become evident during this period.

In the long term (>10 years), systemic risks are emphasised. These include, for example, a more permanent deterioration in the state of forests and more serious disruptions to ecosystem services, which may threaten the availability of raw materials and the continuity of operations. Long-term scenarios require a new balance with biodiversity targets and the introduction of new solutions. However, the impacts of long-term systemic risks have not been modelled, even though the possible permanent deterioration of forests and ecosystems has been highlighted.

Resilience against transition risks is implemented through upstream management of the value chain. The company's strategy supports, for example, the objectives of the UN Convention on Biological Diversity and the EU Biodiversity Strategy through certification-required, biodiversity-supporting actions, but the adequacy of the measures does not fully meet the sustainability target levels. Increasing resilience against physical risks is still in its early stages, particularly when considering the long-term impacts of climate change on ecosystems. With regard to systemic risks, the analysis only covers the upstream value chain.

Koskisen does not operate in areas inhabited by indigenous peoples. Other stakeholder engagement takes place mainly within the framework of Koskisen's normal stakeholder interaction, which is described in section SBM-2 Interests and views of stakeholders.

Policies related to biodiversity and ecosystems

E4-2

In its environmental policy, Koskisen is committed to continuously reducing the impact caused by its operations, entire value chain and the entire life cycle of its products on the soil, waters, climate and ecosystems by developing products and production processes that take these principles into account throughout the value chain and product life cycle.

Regarding the impacts of the decline in biodiversity, the company is committed to maintaining biodiversity in the forests it owns. Koskisen advises and trains forest owners on actions that support and promote biodiversity in forest management and harvesting operations. Additionally, Koskisen is committed to the industry association environmental programme and monitors the effectiveness of its actions using metrics.

In accordance with Koskisen's operational policy, the origin of the wood, and its relationship with biodiversity-sensitive areas, is known in all situations. All available information and suppliers' self-declarations are used to verify the origin of the wood. Harvesting utilises a forest information system and digital maps enabling the traceability of the wood supply chain from the stump to the factory. A separate declaration has been issued on the origin of the wood and the implementation of the procurement of the wood.

The operational policy and environmental principles apply to all of Koskisen's operations, without exception. The policies and principles have been approved by the Board of Directors. The executives of the Group and the business units, who are members of the company's Executive Board, are responsible for implementing the policy and reporting on operations to the Board of Directors. Stakeholder perspectives were taken into account in the preparation as part of the double materiality analysis. The Environmental Principles are available to stakeholders on the company's website.

The origin of wood management system complies with the current EUTR, EUDR, PEFC ST2002:2020 and FSC requirements so that all wood material used and sold is at a minimum, included within the scope of the control system. Forest owners are be offered the opportunity to commit to PEFC certification in connection with wood sale.

The principles related to biodiversity and ecosystems in the operational policy and environmental principles have been developed based on the results of sustainability impact, risk, and opportunity assessments. The assessment takes into account how the company contributes to the following direct impacts that cause biodiversity loss: climate change, land use changes, changes in freshwater and marine use, direct exploitation, invasive alien species, pollution and other factors. The assessment has taken into account the impacts on the status of species, the extent and condition of ecosystems (including land degradation, desertification and soil sealing); ecosystem services and dependencies on them.

Material factors are considered as part of the policies and principles. The principles take into account the material impacts related to biodiversity and ecosystems. The principles also consider the essential dependencies, as well as the significant physical and transition risks and opportunities.

Koskisen has a chain of custody system (PEFC, FSC) that enables the traceability of wood in all procurements. The origin of the raw material is always verified so that the forests in protected areas are safeguarded and the wood is not sourced from controversial or illegal sources. Koskisen is committed to the forest environment programme of the industry association and monitors the effectiveness of the actions with the help of metrics.

Koskisen's material sustainability impacts related to biodiversity and ecosystems do not include social sustainability topics, and therefore the policies do not cover the assessment of their social impacts.

To complement the operational policy, more detailed principles have been defined for wood procurement. Their aim is to reduce and prevent impacts on biodiversity and ecosystems in the procurement of raw materials.

In addition to the requirements of the law, Koskisen's wood procurement principles are based on the Forest Management Recommendations generally recognised in the forest sector and the requirements set by the PEFC or FSC chain of custody. The forest management recommendations are based on research data and expertise gained from practical experience. The forest management recommendations are updated continuously. The requirements set by PEFC and FSC forest certification support biodiversity in the management and use of commercial forests. The requirements set by the schemes are updated regularly.

Koskisen is also committed to the Finnish Sawmills Association's forest environment programme, which supports forest professionals and landowners' understanding of actions that take into account biodiversity, and the metrics defined in the programme are used to monitor the success of the actions implemented by contractors.

The principles are also followed by the partners operating for Koskisen's, which ensures uniform practices.

Koskisen's operational policy, environmental principles and wood sourcing principles include principles that promote the protection of biodiversity and ecosystems and are applied comprehensively in the forest areas owned by Koskisen and in areas for which it holds harvesting rights. There are no practices or operational principles related to agriculture or the sea in Koskisen's operations.

The Code of Conduct for Addressing Deforestation is part of Koskisen's operational policy.

Actions and resources related to biodiversity and ecosystems

E4-3

Koskisen's wood procurement is a continuous process, which means the continuous management of sustainability impacts related to biodiversity and ecosystems by implementing the policies and principles described above. In addition, continuous monitoring and training are of great importance, and will be further developed as part of the annual planning of operations. The aim is to enhance the competence and knowledge of personnel and forest owners in order to strengthen biodiversity actions and their effectiveness. Continuous and comprehensive monitoring that covers all actions provides information on the success and effectiveness of the actions. The certification percentage of raw material procured from the forest was increased, and it is continuously monitored in operations.

The key individual actions to achieve the objectives of the sustainability programme for 2024 were:

- The principles and criteria for wood procurement concerning Koskisen's forestry operations were defined. Based on the criteria, guidelines were drawn up for personnel planning and implementing forestry operations. The criteria and guidelines ensure a uniform level of requirements, the fulfilment of which can be monitored at the operational level.
- Monitoring and developing forestry operations. Monitoring can be used to examine the quality of operations and provide information on the level of actions that take biodiversity into account. The monitoring consists of inspections carried out by

persons independent of the operations, as well as site-specific reporting carried out by machine operators.
- The Finnish Sawmills Association's forest environment programme training as an online course for all employees and contractors. The personnel have been trained to promote voluntary conservation at suitable sites in cooperation with forest owners and partners.
- IT systems were developed as part of the continuous development of quality control and operational monitoring. The most important projects in 2024 were updating the occurrence data of endangered species in the company's own forest resource information system, as well as participating in the development project of the self-monitoring tool in cooperation with other companies in the industry and a system developer.

No significant financial resources have been used for the actions. Other financial resources related to forest management services in accordance with the EU Taxonomy are described in the section EU Taxonomy reporting, but they are not linked to the actions described.

The actions and the continuous process of Koskisen's wood procurement do not include ecological compensation. The actions have not specifically integrated the knowledge of nature or special solutions of local indigenous communities.

Targets related to biodiversity and ecosystems

E4-4

Targets	KPI target 2027	Base year 2022	2024	Aspects related to the targets
Availability of high-quality, certified Finnish wood	Share of certified round wood 88%	81.0%	86.6%	Ensuring measures that promote biodiversity
Increasing expertise	100% of own wood procurement personnel have received training on biodiversity	-%	100.0%	Ensuring measures that promote biodiversity
Increasing expertise	100% of contractors have received biodiversity training	-%	85.0%	Ensuring measures that promote biodiversity

Ecological thresholds have not been specifically considered in the target setting. However, Koskisen takes into account the achievement of the following/general, non-community-specific ecological thresholds in its operations, as described above. Koskisen's wood procurement unit has the responsibility to ensure the compliance with these thresholds in all actions carried out by Koskisen.

The targets will contribute to actions that align with the policy, i.e. the development of structural features of forestry in line with the Kunming-Montreal Global Biodiversity Framework, the relevant aspects of the EU Biodiversity Strategy for 2030 and other national policies related to biodiversity and ecosystems. However, based on scientific evidence, the measures are not sufficient to ensure the achievement of these objectives at the national level. In wood procurement, Koskisen defines actions in interaction with forest owners. The decision on actions exceeding the minimum level of operations, which consists of the requirements of PEFC forest certification, is ultimately made by the owners of the sites. In order to achieve the national target levels, a wide range of measures are needed, not all of which are directly possible for forest industry companies to implement in their own operations.

The targets are related to the impacts, dependencies and risks on biodiversity and ecosystems, both in the company's own operations and at the upstream of the value chain. The objectives aim to enhance biodiversity actions implemented in connection with forestry operations and their monitoring.

The targets are geographically focused on all of Koskisen's forestry operations.

Ecological compensations have not been utilised and stakeholders have not been involved in setting targets.

In line with the mitigation hierarchy, the targets aim to equally avoid and minimize impacts on biodiversity and ecosystems. The targets do not include those related to rehabilitation nor compensation or offsets. The planned actions are monitored at the sites with metrics that provide information on the development of structural features in forestry operations in accordance with the Forest Environment Programme for the Sawmill Industry.

Impact metrics related to biodiversity and ecosystems change

E4-5

Forestry practices that take forest nature into account consist of considering valuable habitats, favouring mixed forests over single-species forests, maintaining retention trees and making high stumps, protective thickets, saving dead wood and low-yielding areas. The implementation of these is monitored in operations through sampling-based audits. The extent of operations near protected areas is documented in relation to biodiversity-sensitive areas. These areas are excluded from operations, or operations are carried out in accordance with the restrictions defined by the authorities.

Regarding the impacts on biodiversity and ecosystems, the preservation of biodiversity-supporting structural features is measured, but it doesn't measure directly measure the state of nature. The set of metrics is based on monitoring activities in the forest environment in accordance with Koskisen's objectives. The metrics are mainly defined to align with the goals of the Sawmill Industry Association's forest environment program, and they also measure the implementation of PEFC forest certification requirements in wood procurement activities. The increase in expertise is also reported as part of the biodiversity metrics. Targets for these have been set in Koskisen's sustainability program. The monitored actions have shown positive biodiversity development, although they do not directly correspond to the achievement of ecological sustainability thresholds as they stand.

The audits included in the metrics are carried out on the sites where forest management activities have been implemented. They are based on sampling, covering all activities and areas where Koskisen operates. The audits are partly targeted at areas with biodiversity-sensitive regions or waterbodies. However, at least 25% of the audits are based on random sampling. The monitoring is carried out when the ground is unfrozen, and the sites to be inspected are selected from the operations carried out during the year. The audits are carried out in the field and the monitoring is repeated annually. Self-monitoring audits are conducted at the sites to support the reportable metrics, and the information obtained from them supports the information on the audits. The uncertainties of site-specific audits are related to the subjective view of the auditors, as not all factors related to the metrics, such as the diameter of the retention trees or the amount of dead wood, are measured separately in all respects, and the number of thickets to be left may depend on the characteristics of the site, in which case they may not exist at all, or they may have been left as a larger coherent entity, in which case the number does not indicate the success of the measure. The share of certified roundwood is a calculated, accurate metric, the implementation of which is continuously monitored.

Biodiversity metric	2024
Biodiversity-related compensations (t€)	-
Sites close to protected areas (pcs)	200
Sites close to protected areas (ha)	705
Share of stands where thickets have been left in accordance with the instructions (%)	50%
Number of thickets left (pcs/ha)	2
Share of deciduous species in sold seedlings (%)	33%
Number of aspen trees (diameter > 40 cm) retained after forest management activities	0.2
Share of stands where high stumps have been left in accordance with the guidelines (%)	2%
Number of high stumps made (pcs/ha)	2
Share of stands where live retention trees have been left in accordance with the guidelines (%)	81%
Number of retention trees left (pcs/ha)	11
Number of dead wood left (pcs/ha)	4
Personnel trained in the criteria for METSO and environmental support (%)	85%
Contractors have received training on biodiversity (%)	85%
Own wood procurement personnel have received training on biodiversity (%)	100%
Amount of certified roundwood (%)	87%

Individual sites in Koskisen's wood procurement areas, or in their vicinity, may have biodiversity-sensitive areas. Forestry operations can potentially have a significant impact on biodiversity.

Koskisen's considers its entire wood procurement area as having the potential for biodiversity-sensitive areas either within or nearby.

Koskisen has stated that its operations do not promote land use change. Koskisen's wood procurement takes into account the biodiversity and vitality of forest ecosystems and also supports forest regeneration.

ESRS E5 Resource use and circular economy

Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

IRO-1

Koskisen has identified and assessed resources and its operations to identify actual and potential impacts, risks and opportunities in its own operations and upstream and downstream value chain. The methods, assumptions and tools used for identification and assessment are described in section ESRS 2 IRO-1 of the sustainability statement. Even though the identification and assessment process was mainly carried out at a general level, the assessment of own operations focused on sawn timber, plywood and chipboard activities, related customers in business relationships and, geographically, Koskisen's production plant in the municipality of Kärkölä and nearby areas. The connections of different levels of resource dependencies, such as the availability of wood raw material and skilled labour, to potential risks were also identified. Various circular economy issues, especially related to the use of recycled materials, were emphasised in the stakeholder consultation process in the views of chipboard customers.

Policies related to resource use and circular economy

E5-1

In its environmental policy, Koskisen is committed to continuously reducing the impact caused by its operations, entire value chain and the entire life cycle of its products on the soil, waters, climate and ecosystems by developing products and production processes that take these principles into account throughout the value chain and product life cycle.

With regard to circular economy, the company is committed to operating in accordance with material efficiency principles, which in particular means using wood raw material as fully as possible. The environmental policy sets out a goal of developing the use of wood raw material side streams and increasing the degree of processing as product components. Biofuels are produced from felling waste and by-products of wood processing and used as fuel for Koskisen's plants and nearby district heating plants. The operations follow the waste hierarchy principle.

The environmental policy has been approved by the company's Board of Directors. The executives of the Group and the business units, who are members of the company's Executive Board, are responsible for implementing the policy and reporting on operations to the Board of Directors. Stakeholder perspectives were taken into account in the preparation of the policy as part of the double materiality analysis. The environmental policy is available to stakeholders on the company's website Policies and principles - Koskisen.

Thanks to its integrated operating model, Koskisen taps synergies between its various activities, industrial flows and the recyclability of products. In accordance with its environmental policy, Koskisen uses the renewable wood raw material it procures down to the last particle of sawdust, which indirectly reduces the use of primary resources and increases the use of secondary resources, such as sawdust, in new products. No direct goal has been set to move away from using wood as a primary resource.

The principles of sustainable procurement and use of renewable natural resources are discussed in the company's policies, environmental policy and principles for wood procurement. In addition to legal requirements, the principles of wood procurement are based on the generally recognised forest management recommendations and the requirements set by the PEFC or FSC chains of custody.

Actions and resources related to resource use and circular economy

E5-2

Koskisen's actions are targeted at its own operations in the value chain. Resource efficiency is improved in production processes. The key actions and their implementation schedule are described in the table below. The ramp-up and production optimisation of the new Järvelä sawmill continued in 2024, which has improved yields in the use of wood raw material as main products. In addition, the plywood plant completed investments in a spindleless peeling line and the modernisation of the veneer dryer in 2024, which will improve yield and reduce waste.

The new log yard will reduce the formation of sandy field bark that ends up as waste. A comprehensive investment programme for the plywood production of the Panel Industry segment in Järvelä was announced in late 2024 with the aim of improving the productivity, quality and yield of plywood production. The first phase of the investment programme will be implemented in 2025 and the programme will run until the end of 2027.

The resources for implementing the actions are determined on an action-by-action basis, either as capital expenditure or operating expenditure. Financial information is disclosed in the EU Taxonomy Report.

Key actions	Implementation schedule	Capital expenditure EUR thousand	Operating expenditure EUR thousand
Reducing sandy field bark formation	2025	NOT FOR 2024	NOT FOR 2024
Spindleless peeling line	Implemented in the reporting year 2024	NOT FOR 2024	NOT FOR 2024
Veneer dryer modernisation	Implemented in the reporting year 2024	NOT FOR 2024	NOT FOR 2024
New Järvelä sawmill	Implemented before the reporting year	NOT FOR 2024	NOT FOR 2024

Targets related to resource use and circular economy

E5-3

Targets	KPI target 2027	2022	2024	Aspects related to targets	Waste hierarchy layer
Efficient and optimised use of wood raw material	Wood raw material efficiency for long-lasting wood products 60%	55%	50%	Reducing resource inflows; Minimisation of primary raw material	1. Prevention
Increasing the use of recycled material in chipboard production	Share of recycled material in chipboard raw material 5%	-%	-%	Reducing resource inflows and waste; Increasing the use of recycled materials	2. Recycling
Innovating new circular solutions	Increase in product development resources (EUR) +10%	0.3 MEUR	0.3 MEUR	Reducing resource inflows and waste; Increasing circular product design	2. Recycling

All targets are related to reducing resource inflows, in addition to which increasing the use of recycled material and innovating new circular economy solutions will reduce resource outflows in the form of waste. The targets are not related to waste management. No specific methods or significant assumptions have been used in defining the targets, and they are not related to national, EU or international policy objectives. The setting of targets takes into account the legislative changes to the circular economy and the use of primary resources.

The aim is to increase circular product design by increasing product development resources by 10% by 2027 from the 2022 level. The use of recycled material in chipboard production will be increased, with the aim of increasing the share of recycled material in the chipboard raw material to 5% by 2027.

Koskisen's woodwise operating model, which aims for the highest possible and optimised use of raw materials, naturally minimises the use of primary raw materials per the produced volume of long-life wood products, such as chipboard. However, since a significant part of production uses side streams already generated in Koskisen's production as secondary raw materials, the change in the efficiency of operations will not directly affect the need for primary raw materials to a corresponding extent.

Koskisen's integrated sawmill industry operating model is based on the use of renewable raw materials in accordance with the cascade principle in its own operations. The wood raw material is primarily used to produce long-life sawn timber and plywood products derived from fibre wood, and side streams, such as chips and sawdust from production, are used in chipboard. Parts that cannot be used for sawn timber and wood-based products, such as bark, are used as bioenergy. The products manufactured by Koskisen can be reused after their primary use, either through recycling or as bioenergy. In the end, almost all of Koskisen's wood products and plywood can be composted after chipping. The product documentation contains information on the recommended methods of further use or disposal of each wood product.

The targets are set by Koskisen itself and are not related to mandatory statutory requirements. Stakeholders have not been engaged in defining the targets.

Resource inflows

E5-4

Koskisen's most important resource inflows are wood, the main raw material used in manufacturing, and other raw materials and packaging materials. In addition, water, machinery and supplies are consumed as commodities in production. In sawn timber products, wood is the only raw material, with the exception of painted wood products. In addition to wood, adhesives and coatings are used as raw materials in panel products, and plastic and metal parts are also used in KORE products. Plastic, cardboard and foil packaging as well as base pallets are used as packaging materials.

The purchase quantities of wood are accurately known by volume unit, from which they are converted to the reporting unit based on average assumptions. The quantities of other raw materials and packaging materials are obtained either from our own purchasing systems or from supplier surveys, which are compared with the quantities in our own purchasing system. Otherwise, the data does not include significant assumptions and is calculated on the basis of measured inputs.

Koskisen uses side streams from its own operations in its products. Chipboard is produced from sawdust and other side fractions, such as bark, are used as fuel for heating own production plants. In 2024, the use of own side streams in products and energy production totalled 60,029 tonnes.

To avoid double calculation, resource inflows are taken into account when the resource flows into Koskisen's operations for the first time. In the case of further processing, the material flow is not calculated a second time.

Total resource inflows (t)	2024
Raw materials, wood (t)	715,943
Raw materials, wood-based coatings (t)	1,165
Raw materials, wood-based adhesives (t)	791
Packaging materials, wood (t)	1,645
Packaging materials, paper fibres (t)	705
Volume of biological material (t)	720,249
Proportion of biological materials (%)	98%
Raw materials, other coatings (t)	1,640
Raw materials, oil-based adhesives (t)	12,160
Raw materials, metals (t)	90
Raw materials, plastics (t)	216
Packaging materials, plastics (t)	127
Packaging materials, metals (t)	6
Volume of non-biological materials (t)	14,239
Total material inflows (t)	734,487
Use of own side streams in products (t)	60,029
Volume of recycled materials (t)	60,942
Proportion of recycled materials (%)	8%

Wood material flows	2024
Wood procurement (m^3)	1,588,166
Use of wood at plants (m^3)	906,584
Use of own side streams in products (m^3)	150,072
Efficiency of wood use in long-life products %	50%

Resource outflows

E5-5

Koskisen's main products are sawn timber and processed products as well as chipboard and plywood. The products are made from renewable natural material that can be reused, recycled or recovered as energy at the end of its life. The products manufactured by Koskisen are mainly high-strength and long-life products. The products are used in construction, packaging and furniture industries. In Panel Industry, the products are also used in the transportation industry, for which KORE products related to furnishing commercial vehicles are processed in addition to basic panel products.

Koskisen's main products are basic materials for industry and construction, which do not differ from other similar wood-based products in terms of durability or reparability. Wood products are technically fully recyclable, disregarding whether the end-use site is prepared to implement recycling.

Total products sold (t)	2024
Products (t)	560,754
Proportion of recyclable products (%)	100%
Proportion of recyclable packaging (%)	100%

Total amount of waste (t)	2024
Amount of ordinary waste to prepare for reuse (t)	38
Amount of ordinary waste to be recycled (t)	503
Amount of ordinary waste for other recovery (t)	157
Amount of ordinary waste for other than disposal (t)	698
Amount of ordinary waste for incineration (t)	277
Amount of ordinary waste to landfill (t)	59
Amount of ordinary waste for other disposal (t)	-
Amount of ordinary waste for disposal (t)	336
Amount of hazardous waste for preparation for reuse (t)	19
Amount of hazardous waste for recycling (t)	-
Amount of hazardous waste for other recovery (t)	-
Amount of hazardous waste for other than disposal (t)	19
Amount of hazardous waste for incineration (t)	184
Amount of hazardous waste to landfill (t)	-
Amount of hazardous waste for other disposal (t)	30
Amount of hazardous waste for disposal (t)	213
Total amount of radioactive waste (t)	-
Total amount of hazardous waste (t)	232
Total amount of waste (t)	1,266
Total amount of waste for other than disposal (t)	717
Total amount of waste for disposal (t)	550
Total amount of non-recycled waste (t)	550
Proportion of non-recycled waste (%)	43%

The reported volumes of waste streams are based on the legally required waste accounting, which maintains the volumes of waste transported in weight units.

Social information

Koskisen's Human Resources Principles and Code of Conduct are based on UN Guiding Principles, the declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO) and the OECD Guidelines for Multinational Corporations. With the principles Koskisen ensures safe and healthy working conditions in all its places of business for both its own employees and the employees of its subcontractors.

ESRS S1 Own workforce

Material impacts, risks and opportunities and their interaction with the strategy and business model

ESRS 2 / SBM-3

As described in chapter ESRS 2, Koskisen's entire own workforce is included within the scope of Koskisen's sustainability impacts and sustainability reporting. The actual and potential impacts as well as the associated risks and opportunities are not directly attributable to the company's strategy or business model, and therefore there has been no need to adapt them. However, the importance of the community has been identified and the importance of Koskisen's employer image has been taken into account in the strategy. The strategy also includes the key objectives for occupational safety and well-being at work in accordance with the sustainability programme.

The material impacts concern people working at the production plants. In addition to own workforce, Koskisen's sites also have contractors and their permanent employees. In addition, there are self-employed persons at the sites. The company also has temporary workers at its Polish sites. With regard to occupational safety, accidents of non-employees are also reported. In other respects, the reporting covers all people in Koskisen's own workforce, who could be materially impacted by the company, with regard to the information that has been disclosed in accordance with ESRS 2.

Koskisen's material negative impacts are caused by working in an industrial environment and are related to individual cases. People working in the plant environment are exposed to a higher risk of occupational accidents. A higher risk of exposure to psychosocial stress has been identified in expert work.

Koskisen's material positive impacts concern employment and the economic well-being of the neighbouring areas as well as the active promotion of occupational well-being and health. The positive impacts concern the working areas surrounding Koskisen's locations in Finland and Poland.

The risks related to Koskisen's material sustainability topics are based on the volatile climate in the labour market, such as possible industrial action and, for example, strikes. Furthermore, accident and damage risks in production facilities could, if realised, lead to Koskisen's obligation to compensate for losses and delay or interfere with the delivery of Koskisen's products and services.

Similarly, a good reputation as a responsible employer creates opportunities through better recruitment success, lower workforce turnover and, in general, higher employee satisfaction and the resulting productivity.

In 2024, Koskisen began preparing a transition plan for climate change mitigation and adaptation. The potential impacts of the implementation of the transition plan on the company's own workforce will be assessed as part of the process during 2025.

Koskisen has no operations or locations in areas or countries with a significant risk of forced labour or the use of child labour.

Koskisen's occupational health and safety management system ISO 45001 includes processes for managing material negative impacts related to own workforce. Koskisen has identified in its employee-related processes that , including the assessment of work hazards, that people working in a plant environment, in particular, face more actual and potential negative impacts related to occupational health and safety. These are defined as work-related physical hazards and accidents, occupational health problems, and physical, ergonomic and chemical exposures.

Koskisen's material risks and opportunities related to its own workforce do not concern a specific personnel group, production plant or country.

Policies related to own workforce

S1-1

Koskisen's operating policy, Code of Conduct and personnel principles guide the identification, assessment, management and correction of material sustainability impacts, and they cover all geographical areas of operations. The management of the Group and business units is responsible for implementing the policies and the more detailed principles derived from them.

In its operating policy, Koskisen is committed to excellent working conditions for its personnel, continuous competence development, well-being at work, safety at work and investing in health. The significance of quality, environmental and safety issues has been clearly identified and Koskisen takes responsibility for their maintenance and development.

The personnel principles ensure the achievement of the objectives outlined in the operating policy regarding material sustainability topics, i.e. occupational health and safety and being an employer. In accordance with the principles, occupational safety management is based on the certified ISO 45001 system.

The personnel principles set out the main principles for leadership, remuneration, safety, well-being at work and work ability, culture and equality, competence development and recruitment and induction. The personnel principles are supplemented by internal HR instructions. The operating policy and personnel principles are publicly available on the company's website.

The Code of Conduct describes the operating methods and stakeholder-specific commitments. With regard to own workforce, they commit to ensuring safe and healthy working conditions at all locations for both own and subcontractors' employees. In addition, the operating methods include diversity and inclusion, a respectful and harassment-free working environment, freedom of association, privacy and commitment to human rights. The operating policy, personnel principles and Code of Conduct cover the Koskisen Group's entire personnel without excluding anyone, and the results of the double materiality assessment have been taken into account in their preparation, and defined stakeholders, such as the personnel representative, were consulted.

The Group's safety manual and separate occupational health and safety manual, which contain more detailed principles, describe Koskisen's general safety and occupational health and safety policies. The manual, together with the measures and documents referred to in it, make up Koskisen's general occupational safety and health programme. They also cover all of the Group's operations, with plant work emphasised in the themes. The manuals are updated in cooperation with the employee representatives.

Koskisen's personnel principles and Code of Conduct are based on the UN Guiding Principles, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

Koskisen's personnel principles, Code of Conduct and operating policy describe the commitments to ensuring the realisation of human and labour rights. Koskisen promotes equality and non-discrimination in accordance with the equality and non-discrimination plan.

In personnel-related matters, Koskisen's official dialogue forums in Finland are the Group's work community group and the occupational safety committee. These include employee representatives and the company's operational management. Internal communication takes place via the intranet. In Poland, dialogue takes place as required by local regulations in the form of employee meetings. Communication also takes place via bulletin boards.

Measures to correct or enable the correction of human rights impacts identified as part of the risk assessment or other work-related impact identification processes in units are prepared annually as part of the action plans related to the implementation of the personnel principles.

All employees have the opportunity to make observations through the Continuous Development Forum, and these are answered transparently to everyone.

Koskisen's policies concerning its own workforce correspond to the UN Guiding Principles, including the principles on companies' human rights responsibilities. The international principles are implemented as part of compliance with national legislation, to which Koskisen is committed in all of its operations.

Koskisen's Code of Conduct commits to ensuring that Koskisen does not use forced labour or child labour, and the same is required of everyone in the supply chain. Committing to preventing human trafficking is part of our Code of Conduct commitment to respecting the human rights.

In its Code of Conduct, Koskisen is committed to ensuring safe and healthy working conditions at all locations for its own employees and those of its subcontractors. The ISO 45001 occupational health and safety management system covering all of

Koskisen's operations in Finland ensures that the goal is achieved in practice. Key tools in Finland are occupational health and safety and occupational health care action plans implemented by operational management in business operations. In Poland, employees' ability to work is ensured through statutory regular medical examinations.

The Code of Conduct includes a commitment to respecting diversity and treating people with appreciation and respect. Koskisen does not tolerate harassment or bullying in the workplace. The personnel principles contribute to ensuring the implementation of these principles, including the elimination of discrimination and harassment and the promotion of equal opportunities.

The personnel principles state that age, origin, language, disability, belief, gender, sexual orientation, religion or ethnic background, political activities, trade union activities, relationships, family or individual special characteristics and life situations must not give rise to discrimination. Race, gender identity, political opinions, national or social origin have not been separately recorded as grounds for discrimination, but they are reflected in the indirectly recorded principles.

Koskisen has not identified any particularly vulnerable groups and the principles do not include the inclusion and/or positive special treatment of persons in a vulnerable position.

The implementation of the anti-discrimination principles is ensured by the following methods described in the ethical principles: organisation-wide communication, internal training, use of whistleblowing channels and investigation of violations. Koskisen does not yet have specific defined methods for increasing diversity and/or inclusion, but according to the sustainability programme, this will be taken into account in Koskisen's training.

Going forward, all detected and reported cases of discrimination will be handled immediately in accordance with the updated internal guidelines. The guidelines were updated in Finland in 2024 and will be implemented in 2025. In Poland, similar guidelines will be defined during 2025.

Processes for engaging with own workers and workers' representatives about impacts

S1-2

Koskisen's main forms of engaging with its own workforce and its representatives regarding material sustainability topics take place in several ways. These include continuous supervisory activities, standard meeting practices, the personnel survey process, safety observations and initiatives related to occupational safety management, the occupational safety committee, the work community group and employee representation of the Group's own workforce operating in Finland in the Group's extended Executive Board. Workforce perspectives are taken into account through the above processes, in accordance with local legislation.

Formal engagement takes place with employee representatives in both Finland and Poland. The representative of the Group's own workforce is part of the Group's extended Executive Board for the Finnish operations. The Group's occupational safety committee and the work community group meet four times a year in Finland for a joint dialogue, in which all personnel groups are represented. In Poland, representatives elected from among employees participate in the negotiations and represent the personnel in common matters. Polish legislation does not require the establishment of a separate health and safety working group in companies with fewer than 250 employees.

The Group CEO is responsible for communication within the extended Executive Board. The HR Director is responsible for the other communication processes described above.

Koskisen assesses the effectiveness of communication mainly through an annual well-being at work survey that covers the entire Group's personnel. The effectiveness of communication is assessed from different perspectives in the light of its results.

In addition, the functionality of communication is assessed from the perspective of the company-specific collective agreement and its achievement. The conclusion of a company-specific collective agreement is the result of effective communication and the parties' views meeting.

Processes to remedy the negative impacts and channels for own workers to raise concerns

S1-3

Processes to remedy the negative impacts and channels

The areas of prevention and remediation of negative impacts related to safety and health are part of Koskisen's operating system in accordance with the OHSAS 18001/ISO 45001:2018 standard. Koskisen's safety manual covers descriptions of the planning, implementation and assurance of occupational safety.

Assessment of work hazards

The safety manual covers the rescue plan and its sub-instructions, which are location-specific rescue plans, safety organisation, occupational safety, fire protection, chemicals, boilers and pressure vessels, occupational health, data protection, property protection and security, civil defence and crisis protection, as well as information and procedural instructions in the event of disruptions and accidents.

A separate occupational safety and health manual describes Koskisen's general occupational safety and health policies. The manual, together with the measures and documents referred to in it, makes up Koskisen's general occupational safety and health programme. The occupational safety and health manual describes the implementation of corrective actions in accordance with the incident report policy, which ensures that the effectiveness of corrective actions can be monitored in accordance with the requirements of the operating system. Examples of concrete processes include the identification and assessment of work hazards, risk assessment and workplace survey in cooperation with occupational health care, which are used to reduce negative impacts. Personnel representatives participate in the described processes.

Own workforce can raise its concerns or needs either to an employee representative, to an occupational safety delegate chosen by the personnel or directly to the company through the whistleblowing channels. Concerns and needs addressed directly at Koskisen are handled in Finland through the Continuous Development channel, which is maintained by the company and to which the personnel have visibility, as well as the possibility to submit reports to.

In addition, Koskisen has an anonymous whistleblowing reporting channel separate from day-to-day management, which is available through Koskisen's website, for example. The continuous development forum and anonymous whistleblowing channel are set up by Koskisen itself, but the anonymous whistleblowing channel is managed by an external party. The employee representatives and the occupational health and safety organisation have been established by a party separate from the company.

Koskisen's anonymous whistleblowing channel serves as the company's official reporting mechanism. In addition, all of the communication channels described above can be used to report and correct grievances and to promote their correction. The definition of the grievance mechanism began in 2024, it was described in 2024, and it will be implemented in 2025.

Koskisen's process for improving the availability of grievance mechanisms among its own workforce is based on sufficient accessibility through internal and external channels. The whistleblowing channel is clearly available both on Koskisen's intranet site and on the company's website.

Concerns and needs addressed directly at Koskisen are recorded and processed through the Continuous Development Forum for operations in Finland. Case processing is monitored continuously and reported annually to the company's management. Concerns and observations raised through the whistleblowing channel are handled through a separate process on a case-by-case basis. The company's Administrative Secretary and General Counsel are responsible for monitoring the channel and handling cases. If the cases require compliance with whistleblower protection legislation or concern a member of the Executive Board, they are reported directly to the Chair of the Board of Directors and the Audit Committee.

Through clear communication and management, Koskisen aims to promote the highest possible level of awareness and trust in the channels for reporting grievances and concerns. At the beginning of the employment relationship, the information is introduced to the company's own workforce throughout the Group. Koskisen has no practices for assessing awareness of the channels. The company has no specific policies in place to protect employees from retaliation.

Both the Continuous Development Forum and the whistleblowing channel enable anonymous reporting. Koskisen's Code of Conduct includes a commitment to operating methods to prevent any retaliatory action. The identity of the whistleblower will not be disclosed to the recipient at any time unless the whistleblower knowingly discloses it. Reports of potential violations are handled strictly confidentially and anonymously as far as possible. According to its Code of Conduct, Koskisen does not tolerate harassment or bullying in the workplace.

Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

S1-4

Actions to continuously improve occupational safety and prevent harm

Continuous improvement of occupational safety in the short, medium and long term is based on continuous and daily occupational safety activities. The permanent goal is zero accidents. Communication, safety observations, risk surveys and risk prevention through active measures play a key role in the continuous improvement of occupational safety. In addition, each Koskisen employee is encouraged to take safety initiatives, which supports the building of a common safety culture. The key actions focus on prevention, and the corrective actions for individual cases are handled as part of the Group's continuous development in the business units. There are no significant individual actions to report in this respect for 2024.

Koskisen's key actions for implementing accident-free day-to-day life are based on the occupational safety action plans at Group level and in all of the Group's functions (Panel Industry, Sawn Timber Industry and wood procurement). The action plans include short-term actions, responsibilities and goals for the calendar year in all geographical areas.

Key ongoing actions implemented and planned in 2024

Koskisen introduced a regular monthly safety review for supervisors. These reviews analyse incidents and near misses and share good practices. The aim of this cooperation model is to develop a safer working environment.

Internal safety communications were clarified and improved in cooperation with the personnel. In Panel Industry, the company has paid special attention to harmonising and clarifying the guidelines related to the use of protective equipment.

Koskisen uses its own safety reward system. In the system, employees receive a daily bonus of one euro for each week with no lost time accidents.

The safety of access routes was improved at the plywood and chipboard plant by installing lights to clarify the markings of access routes. Attention was also paid to the safety of work equipment.

Occupational safety training was continued for all personnel. Occupational safety card training is renewed every five years to ensure the up-to-date safety competence of the personnel.

Making of safety observations and initiatives was systematically promoted. All employees were encouraged to take safety initiatives and commit to developing the common safety culture.

The expected impact of the measures described above is an improvement in occupational safety, measured using the metrics used by Koskisen. The implementation of the measures improves occupational safety, as they prevent risks and improve occupational safety over all time horizons. The key safety actions described above cover all sites and all employees and salaried employees in production. The actions do not cover other parts of the value chain.

The effectiveness of the measures is monitored regularly through the documentation of safety observations, lost time accidents (LTA1) and near misses. This monitoring data is used in the operations of the occupational safety committee and the units' safety groups, as well as in monthly safety reviews and the continuous monitoring of the implementation of agreed measures.

Implementation of remedies

In accordance with its occupational safety system, Koskisen has a legally high level of preparedness to comply with high levels of first aid preparedness, occupational safety operating models and instructions as well as the resources of the occupational safety organisation in accident situations and in mitigating and correcting their effects.

Koskisen ensures that the personnel have sufficient first aid preparedness as required by the Finnish laws on occupational safety and health care and Polish labour legislation.

In actual occupational accident situations, appropriate treatment is always arranged and the injured person can receive compensation from insurance, but due to privacy protection, Koskisen does not have precise information about financial compensations. All incidents have been handled on a case-by-case basis and the necessary corrective actions have been defined in the business units. The effectiveness of the actions is monitored and evaluated as part of the Group's processes, which include annual management reviews and monthly safety reviews. For additional information about handling incidents of discrimination, see S1-17 Incidents, complaints and severe human rights impacts.

Processes for identifying actions needed to continuously improve occupational safety

Koskisen implements its occupational safety management in accordance with the ISO 45000 management system and by drawing up action plans for occupational safety, occupational health care and early support in cooperation with the personnel. Koskisen has systematic processes for identifying, assessing and managing occupational safety and health risks. This includes identifying hazards in the work environment, assessing risks based on their likelihood and severity, and defining appropriate control measures to reduce or eliminate risks.

Measures to promote the well-being and health of own workforce

Koskisen develops its personnel's well-being at work in a diverse and systematic manner. The company's actions are based on continuous daily supervisory work and well-being programmes for all employees as well as targeted well-being programmes that are implemented at all locations. Continuous activities also include effective occupational safety and health cooperation and a joint occupational safety and health action plan. The development of well-being at work is based on the early support model, preventive measures and strengthening community spirit.

Key ongoing actions implemented and planned in 2024

In addition to the negative impacts, the key measures implemented and planned address Koskisen's strategic goal of being an attractive and fair employer with a positive impact on its own workforce. The well-being at work survey and management support were implemented. The well-being at work survey is one of the most important management tools. The results were thoroughly discussed under the leadership of supervisors in all teams. Supervisors received training on how to decode the results, and they had the opportunity to use facilitators to support them.

Development targets for teams' well-being at work for 2024 were defined. In the development areas, the focus was on clarifying the flow of information, managing common issues, developing competence and giving feedback. At the company level, the development of communications, occupational safety and safety thinking were selected as development targets.

The Koskisen Kohottajat project was implemented as a targeted well-being project, with ten participants. The aim of the project was to find solutions to musculoskeletal disorders and the challenges of shift work. The project included diverse support from occupational physiotherapy to nutritionist counselling and occupational health care and psychologist services.

The implementation of the Koskisen Konkarit programme was continued. Eight people participated in the Koskisen Konkarit programme aimed at employees over the age of 50 during the reporting year. The year-long programme focuses on maintaining work ability and supporting staying in working life.

The development of orientation continued by building online courses at Koskisen School and clarifying the orientation process.

The sense of community was often strengthened by supporting the teams' joint activities with team appropriations and organising a joint barbecue party.

The provision of exercise and well-being benefits was continued. Koskisen supports the overall well-being of its personnel by offering its own gym and swimming opportunities in the Kärkölä swimming pool. In addition, the company supports the coping of employees with the ePassi benefit. In Poland, Koskisen offers its employees diverse benefits through the social benefits fund (ZFŚS), such as holiday allowances, Christmas bonuses and Saint Nicholas' Day gifts for employees' children. In 2024, voluntary health check-ups were offered in Poland to employees over the age of 40 and the Fruit Tuesday concept was introduced to promote healthy eating habits.

Koskisen's measures to promote well-being at work cover all of the company's business areas and functions. Koskisen's actions to promote well-being at work are divided into three time horizons. They emphasise the rapid impact of actions and events as well as long-term prevention and strengthening the foundation of well-being at work.

The measures are aimed at the entire personnel, but some of the measures focus on special groups. Training has been arranged for supervisors on how to handle the results of the well-being at work survey. The Koskisen Kohottajat project is aimed at people suffering from musculoskeletal disorders and shift workers. The needs of ageing employees are addressed with targeted programmes. The measures to promote well-being at work focus on Koskisen's own personnel and do not cover other parts of the value chain.

Koskisen monitors and assesses measures to promote well-being at work in a diverse manner. Monitoring the attendance and turnover metrics supports the monitoring of general well-being at work and early response. The results of the well-being at work survey are used as a management tool and in monitoring the effectiveness of measures. The implementation of the development targets defined by the teams is monitored regularly. The performance of targeted well-being programmes, such as Koskisen Kohottajat and Koskisen Konkarit, will be assessed at the end of the programme. The effectiveness of managing employees' ability to work is monitored in accordance with the early support model and the effects of developing orientation as part of normal management. All of the measures described above improve well-being at work, as they prevent problems related to ability to work, support early intervention and strengthen community spirit and competence.

Identifying and managing negative impacts

Koskisen ensures the safety of its operating practices through systematic monitoring and proactive risk management. The company actively monitors the development of occupational safety legislation and complies with its requirements.

Regular dialogue with key stakeholders, such as occupational health care and employee representatives, is an essential part of ensuring safety. The health and safety of the work environment is systematically assessed by means of workplace surveys carried out every three years.

Chemical risk management is a key part of safety at work. The procurement process for new work and safety equipment involves consulting both the personnel and their representatives as well as occupational health care in order to ensure the suitability and safety of the equipment for its intended use.

Resources allocated to the management of negative impacts

The resources related to the continuous improvement of occupational safety and well-being at work consist of the responsibilities of management and supervisors and work in accordance with the ISO 45001 management system. The safety managers working at Koskisen's sites are a resource dedicated to the management of occupational safety. It is not possible to report the current or future exact operating or capital expenditure of key activities, as the activities are part of the day-to-day operational activities of the Group and the business functions as well as the duties of Koskisen's supervisors and employees.

The company has set new strategic goals during 2024 and achieving them will be monitored in the coming years.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S1-5

The targets presented in the table below correspond to the targets of the personnel principles, which take into account material sustainability aspects. These targets are presented in section S1-1. The targets apply to Koskisen’s own personnel at all of its locations. The current status and development of these issues in the Group have been taken into account in setting the targets. The development of occupational accidents is also monitored in relation to other companies in the industry, but otherwise it has not been taken into account in the target setting. The targets do not, as such, directly correspond to material impacts, risks or opportunities, but are part of the overall monitoring and management of entities related to the identified themes. Stakeholders have not been consulted separately when setting the targets. The targets do not require significant changes in the company’s operations or the measurement of goals, but are part of daily operations.

S1 Sustainability topics related to own workforce	Target 2027 Covers the entire Koskisen Group	Base year 2022	2024	Aspects related to targets
Reduction of accidents	Accident frequency rate LTA1 < 5	19.40	9.70	The target is based on the operating policy and personnel principles, described in section S1-1
Well-being and health of employees	Overall score in the well-being at work survey > 4	3.85	3.81	The target is based on the operating policy and personnel principles, described in section S1-1
Well-being and health of employees	Well-being at work survey response rate > 90%	76%	78%	The target is based on the operating policy and personnel principles, described in section S1-1
Developing the competence of personnel	Training hours/person > 18	11.48	8.15	The target is based on the operating policy and personnel principles, described in section S1-1
Equal and non-discriminating work community	Diversity, equity and inclusion awareness development through internal training 100% of the workforce	New target for 2024	New target from 2024	The target is based on the operating policy and personnel principles, described in section S1-1

The targets related to the company's own workforce have been set in the sustainability programme based on the insights obtained from the double materiality assessment. The company's Executive Board and a selected group of representatives from different functions were responsible for setting the targets. Employees or their representatives were not separately engaged in setting the targets.

The implementation of actions and targets is monitored four times a year in the work community group and the extended Executive Board, both of which have employee representation. Occupational safety is also monitored monthly in the Group's safety reviews. Continuous monitoring of implementation includes monitoring progress, identifying and documenting any deviations and making any necessary changes to implementation.

Characteristics of the company's employees

S1-6

Koskisen's HR department is responsible for the collection, maintenance and reporting of personnel data. The personnel system is used for the administration of personnel data, and it is where the data is stored. Reporting includes information about employees in employment relationships with the Group.

Number of employees by gender

Gender	Number of employees (head count)
Men	669
Women	274
Other	-
Not reported	-
Total number of employees	**943**

Rate of employee turnover	2024
Terminated employment relationships	66
Exit turnover	7.0%

Number of employees (head count)

Country	Number of employees (head count)
Finland	796
Poland	131

Employees by contract type, broken down by gender 2024

	Men	Women	Other	Not reported	Total number of employees
Number of employees in employment (head count / FTE)	669	274	-	-	943
Number of permanent employees (head count / FTE)	620	243	-	-	863
Number of temporary employees (head count / FTE)	49	31	-	-	80
Number of non-guaranteed hours employees (head count / FTE)	19	12	-	-	31
Number of full-time employees (head count / FTE)	650	262	-	-	912
Number of part-time employees (head count / FTE)	6	4	-	-	10

Number of employees by contract type, broken down by country 2024

	Finland	Poland	Other	Number of employees (head count / FTE)
Number of employees in employment (head count / FTE)	796	131	16	943
Number of permanent employees (head count / FTE)	783	64	16	863
Number of temporary employees (head count / FTE)	13	67	-	80
Number of non-guaranteed hours employees (head count / FTE)	31	-	-	31
Number of full-time employees (head count / FTE)	765	131	16	912
Number of part-time employees (head count / FTE)	10	-	-	10

Employee data has been collected from the company’s HR and payroll systems. The number of employees is expressed as the head count on the last day of the reporting period. In the sustainability statement, the number of employees is the personnel situation on 31 December 2024, and in the financial statements, the number of employees is the average for the full year, i.e. the 12-month average. The full-time equivalent is not calculated separately, as the majority of employment relationships are full-time. The compilation of data does not involve any assumptions; the data is compiled directly from the system data.

The reported year-end personnel figures do not include the 47 summer employees who worked at Koskisen during the summer 2024.

Information on the number of employees can be found in Note 6 to Koskisen’s consolidated financial statements.

Collective bargaining coverage and social dialogue

S1-8

Collective bargaining coverage and social dialogue Information on the personnel's inclusion in collective agreements can be found in Koskisen's personnel system based on the job description, and the disclosed information does not include assumptions or limitations. The number of employees can be found in table S1-6 Number of employees by contract type, broken down by country 2024.

	Collective bargaining coverage		Social dialogue
Coverage rate:	**Employees – EEA (for countries with more than 50 employees representing more than 10% of total employees)**	**Employees – non-EEA (estimate of regions with more than 50 employees representing more than 10% of total employees)**	**Workplace representation (EEA only) (countries with more than 50 employees representing more than 10% of total employees)**
0–19%	Poland		
20–39%			
40–59%			
60–79%			
80–100%	Finland		Finland, Poland

In Finland, Koskisen's production employees, salaried employees and forestry salaried employees are covered by company-specific collective agreements, one of which is for production employees and salaried employees and the other for forestry salaried employees. Senior salaried employees and management are subject to terms of employment agreed in the company.

There are no similar universally binding collective agreements or company-specific solutions based on them in the Polish labour market. Koskisen complies with the general labour legislation in Poland, in addition to which company-specific policies concerning work and remuneration are applied to all employees with regard to work, employment relationship, working conditions and salary.

Koskisen has no agreements with employees on representation that would be handled by a European Works Council, European Company (SE) Works Council or European Cooperative Society (SCE) Works Council.

Diversity metrics

S1-9

Information on personnel diversity is obtained from Koskisen's personnel system, and the disclosures do not involve assumptions or limitations.

Gender distribution at top management 2024

	Head count	%
Top management, women	3	18%
Top management, men	14	82%
Top management, others	-	-%
Top management, not reported	-	-%
Top management, total	17	100%

Age distribution among employees 2024

	Head count	%
Under 30 years old	155	16%
30–50 years old	490	52%
Over the age of 50	298	32%
Head count by age	943	100%

Koskisen Corporation's top management consists of the Board of Directors and the CEO with the support of the Executive Board.

Adequate wages

S1-10

All Koskisen employees are paid adequate wages in accordance with the applicable benchmarks.

Social protection

S1-11

All Koskisen employees are covered by social protection through public programmes or benefits provided by the company in the event of loss of income due to illness, unemployment, work-related injury or disability, parental leave or retirement.

Training and skills development metrics

S1-13

Information on employee performance reviews and training hours is obtained from Koskisen's personnel system. Performance reviews are recorded by supervisors on the basis of the reviews. The information disclosed regarding training hours is based on supervisors' notifications. Both types of information may involve uncertainty regarding the flow of information, and not everything is necessarily recorded.

Percentage of performance review participants 2024

	Head count	% of total head count
Performance review participants, women	177	19%
Performance review participants, men	393	42%
Performance review participants, other	-	-%
Performance review participants, not reported	-	-%
Performance review participants, total	570	60%

Number of training hours per employee

	2024
Number of training hours per employee, women	10
Number of training hours per employee, men	7
Number of training hours per employee, other	-
Number of training hours per employee, not reported	-
Number of training hours per employee, all	8
Number of training days	1,199

Health and safety metrics

S1-14

Health and safety metrics

Health and safety data are compiled from Koskisen's personnel system and the Continuous Development system, where information on occupational accidents and their processing is recorded. The data are collected for all personnel. The transitional rule is applied to non-employees. The response rate and result (eNPS) of the personnel satisfaction survey and the number and frequency of occupational accidents (LTA1) are the Group's own metrics related to sustainability targets, which are presented in section S1-5. Occupational accidents (LTA 1) are defined as accidents that result in at least one day long absence. The Lost Time Accident Frequency (LTAF1) is reported per one million hours worked. The number of occupational accidents (TRI) includes accidents that result in a medical check-up. Thus, the figures do not include accidents in which health care was not involved. The personnel satisfaction survey covers all personnel, but there may be uncertainties related to the responses due to the survey language, which is English, and not the workers' native languages.

	2024
Percentage of Koskisen's own workforce covered by the occupational health and safety management system	99%
Number of fatalities as a result of work-related injuries and work-related ill health, own employees	-
Number of fatalities as a result of work-related injuries and work-related ill health, other employees working on the company's sites	-
Number of recorded occupational accidents (LTI), own employees	28
Share of recorded occupational accidents (LTIF) related to own workforce	20.8

Number of cases of work-related ill health, employees	-
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health, employees	91

Group's metrics	
Number of lost time accidents (LTA1)	13
Frequency of lost time accidents (LTAF1)	9.7
Personnel satisfaction survey response rate	78%
Personnel satisfaction survey eNPS	4

The occupational health and safety management system covering Koskisen operations in Finland complies with the ISO 45001 standard and has been audited by the external verifier Kiwa Inspecta.

Work-life balance metrics

S1-15

The data concerning work-life balance metrics are obtained from Koskisen's personnel system, and the disclosures do not involve assumptions or restrictions.

All Koskisen's employees are entitled to family leave under social policy and/or collective agreements.

Percentage of employees that took family-related leave by gender

	%
Percentage of employees that took family leave, women	1.4%
Percentage of employees that took family leave, men	1.8%
Percentage of employees that took family leave, other	-%
Percentage of employees that took family leave, not reported	-%
Percentage of employees that took family leave	3.2%

Incidents, complaints and severe human rights impacts

S1-17

Disclosed incidents are obtained either through the company's whistleblowing channels or on the basis of reports made to supervisors. Incidents, including reports from external parties, are recorded in the Continuous Development system, where case processing is maintained. The recorded incidents are based on reports and possible external audits and do not involve any significant background assumptions or restrictions.

Incidents, complaints and severe human rights impacts

	2024
Number of incidents of discrimination	2
Number of incidents of harassment (included in incidents of discrimination)	-
Number of non-harassment incidents (included in incidents of discrimination)	2
Number of complaints reported through personnel channels	10
Number of complaints reported to the National Contact Points for OECD Multinational Enterprises	-
Fines and compensation for damages for incidents of discrimination and complaints	-
Number of severe human rights incidents	-
Number of serious human rights incidents that are cases of non-respect of the UN Guiding Principles on Business and Human Rights or ILO Declaration on Fundamental Principles and Rights at Work	-
Fines, penalties and compensation for damages for serious human rights incidents	-

Of the two recorded cases of discrimination, one was reported to a supervisor and has been appropriately addressed among the relevant parties within the Panel Industry. Follow-up meetings related to the case will continue in 2025. The second case was recorded as a minor non-conformity during an external FSC audit in the Sawmill Industry. The matter is being investigated internally during 2025 and will be reviewed again in the 2025 FSC audit. No fines have been recorded for the incidents and, therefore, no information is presented in the financial statements.

KOSKISEN

The Consolidated and parent company’s Financial Statements

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Consolidated Financial Statements (IFRS)

Consolidated statement of comprehensive income

EUR thousand	Note	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Revenue	2	**282,262**	**271,275**
Other operating income	4	2,022	4,050
Change in inventories of finished goods and work in progress	16	5,151	922
Change in fair value of forest assets	13	324	870
Materials and services	5	-174,749	-156,769
Employee benefit expenses	6	-47,913	-46,890
Depreciation, amortisation and impairments	8	-11,169	-8,607
Other operating expenses	9	-42,904	-40,455
Operating profit (loss)		**13,023**	**24,396**
Finance income	10	3,638	4,573
Finance costs	10	-6,689	-4,910
Finance costs, net		-3,051	-337
Profit (loss) before income tax		**9,972**	**24,059**
Income tax expense	11	-1,684	-3,829
Profit (loss) for the period		**8,288**	**20,230**

EUR thousand	Note	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Translation differences		47	335
Other comprehensive income for the period, net of tax		**47**	**335**
Total comprehensive income for the period		**8,335**	**20,565**
Profit (loss) for the period attributable to:			
Owners of the parent company		8,288	20,230
Profit (loss) for the period		**8,288**	**20,230**
Total comprehensive income for the period attributable to:			
Owners of the parent company		8,335	20,565
Total comprehensive income		**8,335**	**20,565**
Earnings per share for profit attributable to the ordinary equity holders of the parent company:			
Basic earnings per share, EUR	20	0.36	0.88
Diluted earnings per share, EUR	20	0.36	0.87

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

Consolidated balance sheet

EUR thousand	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Property, plant and equipment	12	111,540	97,508
Forest assets	13	3,915	3,599
Right-of-use assets	14	34,043	26,159
Intangible assets	15	1,036	1,308
Financial assets at fair value through profit or loss	21	14	960
Other receivables	17	10	11
Deferred tax assets	11	37	88
Total non-current assets		**150,595**	**129,634**
Current assets			
Inventories	16	49,227	37,544
Trade receivables	21	23,835	23,365
Other receivables	17	9,536	10,427
Financial assets at fair value through profit or loss	21	11,513	10,625
Income tax receivables	11	74	1,839
Deposits	21	-	20,000
Cash and cash equivalents	21	31,823	35,771
Total current assets		**126,008**	**139,571**
Assets held for sale		**447**	**-**
TOTAL ASSETS		**277,050**	**269,205**

EUR thousand	Note	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
Equity			
Share capital	19	1,512	1,512
Legal reserve	19	16	16
Reserve for invested unrestricted equity	19	73,843	73,843
Treasury shares	19	-3	-3
Cumulative translation difference	19	192	144
Retained earnings		65,240	51,487
Profit (loss) for the period		8,288	20,230
Total equity attributable to owners of the parent company		**149,086**	**147,229**
Total equity		**149,086**	**147,229**
Liabilities			
Non-current liabilities			
Borrowings	21	24,731	31,310
Lease liabilities	14, 21	29,465	23,857
Other long-term employee benefits	6	3,117	3,124
Other payables	23	14	-
Deferred tax liabilities	11	7,162	5,697
Provisions	22	150	150
Total non-current liabilities		**64,639**	**64,138**
Current liabilities			
Borrowings	21	8,041	6,401
Lease liabilities	14, 21	4,024	2,132
Derivative liabilities	21	141	-
Advances received	21	983	639
Trade payables	21	29,211	25,411
Trade payables, payment system	21	6,470	7,396
Other payables	23	14,300	15,811
Income tax liabilities	11	65	13
Provisions	22	89	35
Total current liabilities		**63,325**	**57,838**
Total liabilities		**127,964**	**121,976**
TOTAL EQUITY AND LIABILITIES		**277,050**	**269,205**

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

Consolidated statement of changes in equity

		Attributable to owners of the parent company							
EUR thousand	**Note**	**Share-capital**	**Legal reserve**	**Reserve for invested unrestricted equity**	**Treasury shares**	**Cumulative translation differences**	**Retained earnings**	**Total equity attributable to owners of the parent company**	**Total equity**
Equity at 1 Jan 2024		**1,512**	**16**	**73,843**	**-3**	**144**	**71,717**	**147,229**	**147,229**
Profit (loss) for the period		-	-	-	-	-	8,288	8,288	8,288
Other comprehensive income									
Cumulative translation difference		-	-	-	-	47	-	47	47
Total comprehensive income		**-**	**-**	**-**	**-**	**47**	**8,288**	**8,335**	**8,335**
Transactions with owners:									
Dividend distribution		-	-	-	-	-	-7,368	-7,368	-7,368
Share-based payments	19	-	-	-	-	-	890	890	890
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-6,478**	**-6,478**	**-6,478**
Equity at 31 Dec 2024		**1,512**	**16**	**73,843**	**-3**	**192**	**73,527**	**149,086**	**149,086**

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

		Attributable to owners of the parent company							
EUR thousand	**Note**	**Share-capital**	**Legal reserve**	**Reserve for invested unrestricted equity**	**Treasury shares**	**Cumulative translation differences**	**Retained earnings**	**Total equity attributable to owners of the parent company**	**Total equity**
Equity at 1 Jan 2023		**1,512**	**16**	**73,843**	**-**	**-191**	**60,631**	**135,811**	**135,811**
Profit (loss) for the period		-	-	-	-	-	20,230	20,230	20,230
Other comprehensive income									
Cumulative translation difference		-	-	-	-	335	-	335	335
Total comprehensive income		**-**	**-**	**-**	**-**	**335**	**20,230**	**20,565**	**20,565**
Transactions with owners:									
Dividend distribution		-	-	-	-	-	-9,895	-9,895	-9,895
Share-based payments	19	-	-	-	-	-	751	751	751
Acquisition of treasury shares	19			-	-3	-	-	-3	-3
Total transactions with owners		**-**	**-**	**-**	**-3**	**-**	**-9,144**	**-9,148**	**-9,148**
Equity at 31 Dec 2023		**1,512**	**16**	**73,843**	**-3**	**144**	**71,717**	**147,229**	**147,229**

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

Consolidated statement of cash flows

EUR thousand	Note	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Cash flow from operating activities			
Profit (loss) for the period		8,288	20,230
Adjustments:			
Depreciation, amortisation and impairment	8	11,169	8,607
Change in the fair value of the forest assets	13	-323	-870
Gains and losses from sale of non-current assets		23	-328
Interest and other finance income and costs	10	3,051	337
Income taxes	11	1,684	3,829
Change in other long-term employee benefits		-104	-6
Share-based payments		890	751
Other adjustments		-4	134
Total adjustments		16,386	12,454
Changes in net working capital:			
Change in trade and other receivables	17, 21	-184	1,079
Change in trade and other payables	21, 23	1,305	-9,722
Change in inventories	16	-11,656	-3,266
Utilised provisions	22	53	68
Interest received		1,836	1,417
Interest paid		-4,389	-4,106
Other financial items received		810	390
Arrangement fees and other finance costs paid		-150	-201
Income taxes paid		1,653	-3,408
Net cash flow from operating activities		**13,953**	**14,936**

EUR thousand	Note	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets	12, 15	-20,760	-17,067
Proceeds from sale of non-current assets		511	1,023
Payments for financial assets at fair value through profit or loss	21	-	-10,000
Proceeds from financial assets at fair value through profit or loss		-	9,892
Investments in deposits		-	-35,000
Repayment of deposits		20,000	15,000
Net cash flow from investing activities		**-249**	**-36,152**
Cash flow from financing activities			
Acquisition of treasury shares		-	-3
Repayment of borrowings	21	-6,639	-4,500
Repayments of lease liabilities	21	-3,657	-3,165
Dividends paid		-7,368	-9,895
Net cash flow from financing activities		**-17,664**	**-17,563**
Net change in cash and cash equivalents		**-3,960**	**-38,780**
Cash and cash equivalents		35,771	74,527
Effects of exchange rate changes on cash and cash equivalents		12	24
Cash and cash equivalents at the end of the period		**31,823**	**35,771**

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

Notes to the Consolidated Financial Statements

1. General information and basis of preparation

General information of the Group

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

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

The Board of Directors of Koskisen Corporation has approved these consolidated financial statements for issue on 10 April 2025. A copy of the consolidated financial statements is available at the Internet address **www.koskisen.com**.

Basis of preparation

Koskisen's consolidated financial statements have been prepared in accordance with the IFRS accounting standards as adopted by the European Union, and the IFRS accounting standards in force on 31 December 2024 have been complied with when preparing them. The notes to the consolidated financial statements also comply with the requirements under the Finnish accounting and company legislation complementary to the IFRS.

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

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

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

New standards and interpretations

The new accounting standards, amendments to accounting standards or interpretations adopted on 1 January 2024 did not have a significant impact on the Koskisen consolidated financial statements.

The Group has not adopted any new published accounting standards, amendments to accounting standards or interpretations that are not mandatory for financial periods ending 31 December 2024.

The IFRS 18 Presentation and Disclosure in Financial Statements accounting standard will enter into force on 1 January 2027 and replaces the existing IAS 1 Presentation of Financial Statements. IFRS 18 introduces changes to the structure of the income statement and mandatory subtotals, a requirement to disclose certain management-determined performance measures that are currently reported outside the financial statements, and expanded consolidation and disaggregation criteria that apply to both the main statements and the notes to the financial statements. IFRS 18 does not affect the recognition or measurement of items in the financial statements. Koskisen will assess the impact of the new IFRS 18 standard on the consolidated financial statements during year 2025.

Other accounting standards, amendments to accounting standards or interpretations published by the balance sheet date are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Foreign currency translation

Functional and presentation currency

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

Foreign currency transactions and balances

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

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

Group companies

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

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

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

The effects of the Russian war of aggression

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

The liquidation process of OOO Koskiles, Koskisen's logistics and wood supply company operating in Russia, was completed in November 2023, after which the Group has not had any operations in Russia.

Key estimates and management judgement

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

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

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

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

2. Segment information and revenue

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

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

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

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

REVENUE BY SEGMENTS

	1 Jan–31 Dec 2024			1 Jan–31 Dec 2023		
EUR thousand	**External**	**Internal**	**Total**	**External**	**Internal**	**Total**
Panel Industry	142,433	21	142,454	148,786	9	148,795
Sawn Timber Industry	139,737	27,946	167,683	122,400	24,823	147,223
Segments total	**282,171**	**27,967**	**310,137**	**271,186**	**24,832**	**296,018**
Other	92	780	871	89	577	666
Elimination of internal sales		-28,746	-28,746		-25,410	-25,410
Total	**282,262**	**-**	**282,262**	**271,275**	**-**	**271,275**

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

In 2024 and 2023, Koskisen had no external customers from which revenue recognised would have been over 10% of the Group's total revenue.

REVENUE BY COUNTRIES

EUR thousand	**1 Jan–31 Dec 2024**	**1 Jan–31 Dec 2023**
Finland	111,595	111,206
Germany	24,098	20,320
Japan	23,990	21,116
Poland	15,465	11,556
Other EU countries	76,556	75,419
Other countries	30,559	31,658
Total	**282,262**	**271,275**

EBITDA BY SEGMENTS

EUR thousand	**1 Jan–31 Dec 2024**	**1 Jan–31 Dec 2023**
Panel Industry	17,681	29,282
Sawn Timber Industry	7,205	3,274
Segments total	**24,886**	**32,556**
Other	-693	3,204
Eliminations	-	-2,757
Total	**24,193**	**33,003**

RECONCILIATION OF EBITDA TO OPERATING PROFIT (LOSS)

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
EBITDA	24,193	33,003
Depreciation, amortisation and impairments	-11,169	-8,607
Operating profit (loss)	**13,023**	**24,396**

CONTRACT ASSETS AND LIABILITIES

EUR thousand	31 Dec 2024	31 Dec 2023
Contract liabilities[1]	838	501

[1] Included in Advances received in the balance sheet

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

NON-CURRENT ASSETS BY GEOGRAPHICAL AREA

EUR thousand	31 Dec 2024	31 Dec 2023
Finland	144,835	126,498
EU countries	5,708	3,032
Other countries	15	16
Total	**150,558**	**129,546**

ACCOUNTING POLICY

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

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

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

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

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

For any sales commissions paid, Koskisen applies a practical expedient mentioned by IFRS 15, and recognises the cost as an expense when incurred as the amortisation period of the related assets would have been one year or less.

3. Financial risk and capital management

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

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

Credit risk

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

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

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

LOSS ALLOWANCE

EUR thousand	Not due	Under 30 days	30–60 days	61–90 days	Over 90 days	Total
31 Dec 2024						
Expected loss rate	0.0%	0.0%	0.3%	3.3%	6.8%	
Trade receivables, gross	18,821	4,648	120	11	264	23,863
Loss allowance	-8	-2	-0	-0	-18	-28
Trade receivables, net	**18,813**	**4,646**	**119**	**10**	**246**	**23,835**

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

LOSS ALLOWANCE RECONCILIATION

EUR thousand	2024	2023
Opening loss allowance at 1 Jan	99	30
Increase in loss allowance recognised in the statement of comprehensive income during the financial year	28	99
Receivables written off during the financial year as uncollectible	-	-20
Unused amount reversed	-99	-10
Closing loss allowance at 31 Dec	**28**	**99**

Liquidity risk

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

Koskisen ensures sufficient liquidity at all times by efficient cash management and by maintaining sufficient available committed and uncommitted credit lines that are available until 2027. Refinancing risk is managed by having a sufficiently long loan portfolio.

The Group's existing credit facilities include committed revolving credit facility totalling to EUR 8.0 million as at 31 December 2024 (31 December 2023: EUR 8.0 million).

At the end of 2024, the funding of Koskisen was guaranteed by existing committed credit facilities, cash and financial investments. The Group had cash and cash equivalents totalling EUR 31.8 million as at 31 December 2024 (31 December 2023: EUR 35.8 million).

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

MATURITIES OF FINANCIAL LIABILITIES

EUR thousand	2025	2026	2027	2028	2029	2030–	Total contractual cash flows	Carrying amount
31 Dec 2024								
Loans from financial institutions	9,521	12,334	5,670	3,426	2,633	2,815	36,399	32,772
Lease liabilities	6,347	4,763	4,494	4,369	3,840	23,389	47,202	33,489
Derivative liabilities	141	-	-	-	-	-	141	141
Trade payables	29,211	-	-	-	-	-	29,211	29,211
Trade payables, payment system[1]	6,639	-	-	-	-	-	6,639	6,470
Total	**51,859**	**17,097**	**10,164**	**7,795**	**6,473**	**26,204**	**119,592**	**102,084**

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

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

Market risk

Commodity price risk

Prices of panel board and sawn wood products as well as timber used as raw material fluctuates based on international market conditions, exposing Koskisen revenue and profitability to negative fluctuations.

Koskisen hedges against electricity price risk fluctuations by entering partly in fixed price contracts. For the purchases between 1 to 12 months forward, the range of the price fixing is between 65% to 90%, for the following 13 to 24 months, the range of the price fixing is between 35% to 75%, for the following 25 to 36 months, the range of the price fixing is between 10% to 50%, and for the following 37 to 48 months, the range of the price fixing is between 0% to 25%. Koskisen's principle is to keep the degree of hedging within these ranges. The Group's aim is to ensure that a sufficiently large proportion of the purchases is protected from fluctuations in the market price. The significant volatility of the electricity prices is an additional risk for production costs and its importance for market competition depends on the realisation of the risk in relation to competitors.

Foreign exchange risk

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

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

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

To mitigate the impact of changes in exchange rates on Koskisen's results, Koskisen hedges the foreign exchange exposure by entering into foreign exchange forward contracts. Koskisen's policy is to fix 100% of the USD denominated sales within the current quarter, 50% in the next quarter and 25% of the third quarter. The nominal amount of the outstanding USD foreign exchange forward contracts was EUR 3,619 thousand on 31 December 2024 (31 December 2023: EUR 2,416 thousand). The Group's open USD position as well as the derivatives and the sensitivity analysis of the position are presented in the tables below. At the balance sheet date, the open USD position is higher than the average during the financial period.

	USD exposure	
EUR thousand	**31 Dec 2024**	**31 Dec 2023**
Trade receivables	1,397	752
Cash and cash equivalents	1,673	3,550
Trade payables	48	40
Foreign currency forwards (nominal value)	3,619	2,416
Foreign currency forwards (fair value)	-141	55

	Impact on post-tax profit	
EUR thousand	**2024**	**2023**
EUR strengthens against US dollar 10%	-1,834	-1,589
EUR weakens against US dollar 10%	1,834	1,589

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

Interest rate risk

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

Koskisen hedges its exposure to changes in interest rates with interest rate swaps. These hedges cover 47% (2023: 80%) of the open balance of variable rate loans from the change of the market rates. Their nominal amount is EUR 30.0 million during the periods presented. The interest rate swap agreements are valid until 2025, and accordingly effectively fix interest rates partly to predetermined level.

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

	Impact on post-tax profit	
EUR thousand	**2024**	**2023**
Interest rates – increase by one percentage points[1]	-337	-77
Interest rates – decrease by one percentage points[1]	337	77

[1] Holding all other variables constant

Capital management

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

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

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

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

- Interest 6 months Euribor
- Margin, which varies depending on financial performance
- Semi-annual repayments
- Covenants: leverage, equity ratio
- Termination date of the loan agreement 1 January 2027.

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

The loans in the Koskisen financing agreement include covenant conditions regarding the company's indebtedness and self-sufficiency. The covenants are calculated from the Group figures and are reported to the financiers four times a year.

The table lists the covenants of the loans. The covenants were met throughout the financial period and are expected to be met during the next financial period.

	31 Dec 2024		31 Dec 2023	
	Actual	**Threshold**	**Actual**	**Threshold**
Leverage	0.90	3.50	-0.02	3.50
Equity ratio	54.0%	30%	54.8%	30%

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

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

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

4. Other operating income

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Sale of emission allowances	1,294	2,385
Firewood sales to forest owners	237	263
Grants received	184	294
Lease income	110	93
Gains on disposal of property, plant and equipment	53	484
Compensations received	35	106
Realisation of electricity hedges	-	220
Other	109	205
Total	**2,022**	**4,050**

Koskisen participates in the European Union emission trading scheme, in which it has received free emission allowances for a defined period. Koskisen was granted 20,416 units of CO_2 emission rights for the year 2024 (2023: 20,985 units). The rights in excess of the Group's needs have been transferred to the following financial period. In 2024, Koskisen returned emission rights totalling 2,277 units (2023: 1,891 units).

Koskisen's CO_2 credits as at 31 December 2024 amounted to 23,436 units (31 December 2023: 25,297 units) and their market value was approximately EUR 1,687 thousand (31 December 2023: EUR 2,033 thousand). Koskisen sold emission rights in 2024 amounting to EUR 1,294 thousand (2023: EUR 2,385 thousand). No rights have been purchased (2023: no purchases).

ACCOUNTING POLICY

Emission rights

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

Government grants

Government grants are recognised when there is reasonable assurance that the conditions underlying the grants have been met and that the grant will be received. Government grants to cover expenses incurred are recognised in the statement of comprehensive income proportionally over the periods during which the related expenses are recognised. Government grants related to the acquisition of tangible assets are deducted from the acquisition price of the asset and the net acquisition cost is capitalized in the balance sheet.

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

5. Materials and services

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

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Purchases of materials and supplies	141,322	122,969
Change in inventories	-6,505	-2,363
External services	39,932	36,163
Total	**174,749**	**156,769**

6. Employee benefit expenses

Koskisen employed an average of 919 employees in 2024, of which 794 employees were located in Finland and 110 in Poland. In addition, there were some 15 employees working in sales in different countries around the world. Koskisen's employee benefit expenses are presented in the table below. The remuneration of the members of the Executive Board team, CEO and the members of the Board of Directors is presented in the note 25: Related party transactions. More detailed information on the share-based payments is presented in note 7: Share-based incentive plans.

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Wages and salaries	38,809	37,813
Pension costs – defined contribution plans	6,652	6,157
Social security costs	1,369	1,863
Share-based payments	904	804
Other long-term benefits – service allowance	179	253
Total	**47,913**	**46,890**

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

AVERAGE NUMBER OF EMPLOYEES

	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Salaried employees	249	243
Workers	671	661
Average number of employees during the period	**919**	**904**

ACCOUNTING POLICY

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

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

Annual service allowance

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

Expenditures based on previous work performance are recorded as expenses either when the amendment or curtailment of the arrangement takes place, or when the restructuring expenses related to the arrangement or the benefits related to the termination of the employment relationship are recorded, whichever comes first. Net interest is calculated by applying the discount rate to the net liability or asset under the defined benefit plan. The Group recognises the changes in the net liability for the service cost in employee benefit expenses and net interest expense or income in finance costs, net.

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

7. Share-based incentive plans

Share-based incentive plan 2022–2026

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

Share-based incentive plan 2022–2026 – Performance period 2022–2024

The key employees eligible for the programme, the incentives to be paid, the vesting conditions and targets determined by the company's Board of Directors were communicated to the persons participating in the arrangement in June 2022. The key employees eligible for the programme (six individuals) can receive a maximum of 138,000 company shares (gross amount) if the terms of the programme are met. During 2024, Koskisen Corporation included a new participant in the plan, raising the number of eligible employees to seven (7), and the maximum number of company shares that can be received to 156 000 (gross amount). The vesting conditions and the targets relate to meeting certain key figures (EBITDA and return on invested capital) and work obligation. The earned shares are given to the key employees after the vesting period ends. From the total number of shares, Koskisen withholds the withholding tax corresponding to the income tax liability of the key employee and pays it to the tax authorities. The arrangement has a net settlement feature of tax obligations and is classified as an equity-settled share-based transaction in its entirety. The arrangement is treated as an equity-settled share-based transaction.

Share-based incentive plan 2022–2026 – Performance period 2023–2025

In April 2023, the company's Board of Directors resolved on the criteria and targets as well as the key employees eligible for the incentive programme 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 programme. 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 programme, the key employees eligible for the incentive programme may earn a maximum of 215,000 shares (gross amount). The earned shares are given to the key employees after the vesting period ends. From the total number of shares, Koskisen withholds the withholding tax corresponding to the income tax liability of the key employee and pays it to the tax authorities. The arrangement has a net settlement feature of tax obligations and is classified as an equity-settled share-based transaction in its entirety. The arrangement is treated as an equity-settled share-based transaction.

Share-based incentive plan 2022–2026 – Performance period 2024–2026

In May 2024, the company's Board of Directors resolved on the criteria and targets as well as the key employees eligible for the incentive programme for the third earning period. The members of the Group Executive Board, a total of eight people, are currently entitled to participate in the long-term share-based incentive programme. The company's Board of Directors decided in June to add new participants to the 2024–2026 earning period, after which the maximum number of participants will be 25. The potential receipt and amount of the reward is based, in alignment with the growth strategy, on increase in net sales and the accumulated adjusted EBITDA from 1 January 2024 to 31 December 2026, and the person's continued employment with the company. During the third earning period of the incentive programme, the key employees eligible for the incentive programme may earn a maximum of 331,000 company shares (gross amount). The earned shares are given to the key employees after the vesting period. From the total number of shares, Koskisen withholds the withholding tax corresponding to the income tax liability of the key employee and pays it to the tax authorities. The arrangement has a net settlement feature of tax obligations and is classified as an equity-settled share-based transaction in its entirety. The arrangement is treated as an equity-settled share-based transaction.

Incentive plan related to the Initial public offering

In June 2022, Koskisen established a share-based incentive plan for key management. The Board of Directors has determined the employees eligible for the programme, the incentives to be paid, and the vesting conditions and targets. The programme includes two individuals who, if the conditions are met, can receive a maximum of 45,000 company shares. The earning criteria and goals are related to the listing and work obligation. The first part is paid two months after the listing and the second part 12 months after the first part is paid. The reward is paid half in shares and half in cash, which is determined by the value of the share at the time of payment. The arrangement is treated partly as an equity-settled and partly as a cash-settled share-based transaction. The first part was paid in full in February 2023. The second part was paid in full in February 2024.

	Share-based incentive plan 2022–2026			Incentive plan related to the initial public offering	Total
	Performance period 2022–2024[1]	Performance period 2023–2025	Performance period 2024–2026	Instalment 2[1]	Total / Weighted average
Maximum amount, pcs[2]	156,000	215,000	331,000	27,000	729,000
Initial allocation date	1 Jul 2022	30 Apr 2023	27 May 2024	6 Oct 2022	
Estimated vesting date	30 Apr 2025	30 Apr 2026	30 Apr 2027	28 Feb 2024	
Maximum contractual life, years	2.8	3.0	2.9	1.4	2.5
Remaining contractual life, years	0.3	1.3	2.3	0	1.0
Number of persons at the end of reporting year	7	7	23	0	
Payment method	Equity and cash (net settlement)	Equity and cash (net settlement)	Equity and cash (net settlement)	Equity and cash	

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

	Share-based incentive plan 2022–2026			Incentive plan related to the initial public offering	
Changes during the period	Performance period 2022–2024[1]	Performance period 2023–2025	Performance period 2024–2026	Instalment 2[1]	Total
1 Jan 2024					
Outstanding in the beginning of the period	138,000	215,000	-	27,000	380,000
Changes during period					
Granted during period	14,040	-	325,125	-	339,165
Exercised during period	-	-	-	27,000	27,000
31 Dec 2024					
Granted shares to which the right has not yet arisen	152,040	215,000	325,125	-	692,165

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

Fair value determination

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

VALUATION PARAMETERS FOR INSTRUMENTS GRANTED DURING THE PERIOD

	Share-based incentive plan 2022–2026	
Instrument	**Performance period 2022–2024**	**Performance period 2024–2026[1]**
Estimated market price of the share at the time of issuance, EUR	7.18	7.54
Maturity, years	0.7	2.8
Risk-free rate, %	-%	2.88%
Expected dividends, EUR	-	0.71
The fair value of the benefit per share at the time of grant, EUR	7.18	6.86
Share price at reporting period end, EUR	6.96	6.96

[1] The fair value and the parameters used to determine the fair value are presented as average.

EFFECT ON THE RESULT AND FINANCIAL POSITION

EUR thousand	1 Jan–31 Dec 2024
Expenses for the financial year, share-based payments	639
Expenses for the financial year, share-based payments, equity-settled	625
Liabilities arising from share-based payments 31 Dec 2024	-
Estimated amount to be transferred to the tax authority to settle the employee's tax obligation within the ongoing share-based incentive plans, 31 Dec 2024	1,010

Share issue directed to personnel

In September 2022, Koskisen carried out a directed share issue to its employees, in which all employees working in a permanent employment relationship could participate. The subscription price of the shares issued as part of the personnel offering (115,018) was lower than the fair value of the shares. The subsequent sale of the subscribed shares is limited and the shares are subject to an obligation to work for a period that ends with a separate decision of the Board of Directors, when two years have passed since the approval of the share subscriptions or when at least six months have passed since the listing, whichever occurs later. The share restrictions ended and the shares were vested on 29 September 2024.

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

[1] The maximum amount of the share issue directed to personnel 2022 was adjusted by the share split carried out in November 2022.

Changes during the period	Share issue directed to personnel 2022[1]
1 Jan 2024	
Outstanding in the beginning of the period	113,932
Changes during period	
Exercised during period	113,932
31 Dec 2024	
Granted shares to which the right has not yet arisen	-

[1] The subscribed amounts of the share issue directed to personnel 2022 were adjusted by the share split carried out in November 2022.

EFFECT ON THE RESULT AND FINANCIAL POSITION

EUR thousand	1 Jan–31 Dec 2024
Expenses for the financial year, share-based payments, equity-settled	265
Liabilities arising from share-based payments 31 Dec 2024	-

ACCOUNTING POLICY

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

8. Depreciation, amortisation and impairment

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Property, plant and equipment, depreciation		
Buildings and structures	2,157	1,503
Machinery and equipment	4,247	3,523
Other property, plant and equipment	415	358
Total	**6,818**	**5,385**
Right-of-use assets, depreciation		
Power plants	1,659	1,589
Machinery and equipment	1,760	1,191
Buildings	310	138
Land and water areas	45	49
Total	**3,773**	**2,967**
Intangible assets, depreciation		
Software	346	220
Total	**346**	**220**
Impairment		
Machinery and equipment	-	35
Assets held for sale	232	-
Total	**232**	**35**
Depreciation, amortisation and impairment total	**11,169**	**8,607**

ACCOUNTING POLICY

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

9. Other operating expenses

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

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Sales freight and forwarding	24,127	22,237
IT expenses	4,169	3,954
Maintenance of property	3,793	3,528
Consulting and administrative services	1,963	1,431
Administrative expenses	1,794	1,595
Personnel related expenses	1,722	1,972
Travel expenses	1,067	1,003
Lease expenses	885	809
Sales commissions	664	656
Marketing expenses	603	732
Research and development expenses	301	540
Other expenses[1]	1,816	1,998
Total	**42,904**	**40,455**

[1] Other expenses include, for example, expenses related to machines, equipment and vehicles, as well as losses on disposal of fixed assets

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

AUDITOR REMUNERATION

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Audit	150	100
Tax and legal advisory services	-	5
Other services	57	28
Total	**207**	**133**

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

ACCOUNTING POLICY

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

10. Finance income and costs

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Finance income		
Interest income	1,414	2,299
Foreign exchange gains	769	606
Gains on capital redemption contracts	754	879
Gains on interest rate derivatives	611	625
Gains on foreign currency derivatives	89	162
Other finance income	1	3
Total	**3,638**	**4,573**
Finance costs		
Interest expenses from lease liabilities[1]	-2,617	-934
Foreign exchange losses	-2,209	-2,079
Interest expenses from borrowings	-615	-554
Losses on interest rate derivatives	-593	-961
Losses on foreign currency derivatives	-450	-175
Other finance expenses	-206	-206
Total	**-6,689**	**-4,910**
Finance income and costs total	**-3,051**	**-337**

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

11. Income tax

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

INCOME TAX EXPENSE

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Current tax on result for the period	-203	-1,612
Adjustments for current tax of prior periods	35	-208
Total current income tax expense	**-168**	**-1,819**
Change in deferred tax assets	1,447	-281
Change in deferred tax liabilities	-2,964	-1,729
Total deferred tax expense	**-1,517**	**-2,009**
Income tax expense	**-1,684**	**-3,829**

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

RECONCILIATION OF THE EFFECTIVE TAX RATE

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Profit (loss) before taxes	9,972	24,059
Tax calculated at Finnish tax rate 20%	-1,994	-4,812
Effect of foreign tax rates	5	1
Effect of expenses not deductible for tax purposes	-407	-223
Utilisation of non-deductible net interest expenses from previous reporting periods	511	1,398
Effect of non-taxable income	165	15
Adjustment in respect to prior years	35	-208
Income tax expense	**-1,684**	**-3,829**

DEFERRED TAX ASSETS AND LIABILITIES

EUR thousand	At 1 Jan	Recognised in profit or loss	Translation differences	At 31 Dec
2024				
Deferred tax assets				
Leases	5,198	1,500	0	6,698
Other long-term employee benefits	625	-1		623
Intangible assets	66	-29		37
Provisions	37	11		48
Credit loss provision	20	-14	0	6
Other items	90	-19	1	71
Total	**6,035**	**1,447**	**1**	**7,484**
Netting of deferred taxes	-5,947			-7,447
Total	**88**			**37**
Deferred tax liabilities				
Accumulated depreciation differences	5,827	1,230		7,057
Rental contracts	4,318	1,638		5,957
Borrowings	833	24		857
Tangible assets	338	65		403
Derivatives	314	-12		303
Other items	14	19		33
Total	**11,645**	**2,964**	**-**	**14,609**
Netting of deferred taxes	-5,947			-7,447
Total	**5,697**			**7,162**
Deferred tax liabilities, net	**5,610**			**7,126**

EUR thousand	At 1 Jan	Recognised in profit or loss	Reclassifications	Translation differences	At 31 Dec
2023					
Deferred tax assets					
Leases	5,462	-264		0	5,198
Other long-term employee benefits	604	21			625
Intangible assets	-	-31	97		66
Provisions	20	17			37
Credit loss provision	6	13		0	20
Other items	219	-36	-97	4	90
Total	**6,311**	**-281**	**-**	**5**	**6,035**
Netting of deferred taxes	-6,182				-5,947
Total	**129**				**88**
Deferred tax liabilities					
Accumulated depreciation differences	4,280	1,547			5,827
Rental contracts	4,540	-222			4,318
Borrowings	626	207			833
Tangible assets	-	174	164		338
Intangible assets	164		-164		-
Derivatives	306	9			314
Other items	-	14			14
Total	**9,916**	**1,729**	**-**	**-**	**11,645**
Netting of deferred taxes	-6,182				-5,947
Total	**3,734**				**5,697**
Deferred tax liabilities, net	**3,605**				**5,610**

ACCOUNTING POLICY

Income tax

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

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

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

Deferred tax

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

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

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

12. Property, plant and equipment

EUR thousand	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Cost at 1 Jan 2024	**2,714**	**82,158**	**102,648**	**7,446**	**18,004**	**212,970**
Translation differences	2	31	15	1	2	51
Additions	12	1,870	6,283	24	13,981	22,169
Disposals	-	-1,121	-7,468	-677	-140	-9,406
Reclassifications	-	828	15,399	31	-16,272	-13
Reclassification to assets held for sale	-	-	-3,536	-	-	-3,536
Cost at 31 Dec 2024	**2,727**	**83,766**	**113,342**	**6,825**	**15,576**	**222,235**
Accumulated depreciation and impairment at 1 Jan 2024	**-**	**-40,130**	**-71,096**	**-4,235**	**-**	**-115,462**
Translation differences	-	-7	-4	-1	-	-12
Depreciation	-	-2,157	-4,247	-415	-	-6,818
Accumulated depreciation of disposals and reclassifications	-	1,120	7,062	609	-	8,790
Reclassification to assets held for sale	-	-	2,807	-		2,807
Accumulated depreciation and impairment at 31 Dec 2024	**-**	**-41,174**	**-65,479**	**-4,042**	**-**	**-110,695**
Carrying value at 1 Jan 2024	**2,714**	**42,028**	**31,551**	**3,211**	**18,004**	**97,508**
Carrying value at 31 Dec 2024	**2,727**	**42,591**	**47,863**	**2,783**	**15,576**	**111,540**

EUR thousand	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Cost at 1 Jan 2023	**2,734**	**61,241**	**95,078**	**6,061**	**26,741**	**191,855**
Translation differences	8	144	16	5	8	182
Additions	33	7,648	8,604	120	15,303	31,708
Disposals	-61	-1,613	-3,738	-825	-4	-6,241
Reclassifications	-	14,738	2,688	2,085	-24,044	-4,533
Cost at 31 Dec 2023	**2,714**	**82,158**	**102,648**	**7,446**	**18,004**	**212,970**
Accumulated depreciation and impairment at 1 Jan 2023	**-**	**-39,870**	**-71,297**	**-4,412**	**-**	**-115,579**
Translation differences	-	-28	21	-3	-	-10
Depreciation	-	-1,503	-3,523	-358	-	-5,385
Accumulated depreciation of disposals and reclassifications	-	1,272	3,738	538	-	5,548
Impairment	-	-	-35	-	-	-35
Accumulated depreciation and impairment at 31 Dec 2023	**-**	**-40,130**	**-71,096**	**-4,235**	**-**	**-115,462**
Carrying value at 1 Jan 2023	**2,734**	**21,370**	**23,781**	**1,650**	**26,741**	**76,275**
Carrying value at 31 Dec 2023	**2,714**	**42,028**	**31,551**	**3,211**	**18,004**	**97,508**

Other tangible assets comprise amongst others a stormwater system and district heating network as well as, amongst others, constructions of roads, parking and warehouse areas and an art collection.

The increases during the financial period amounted to EUR 22.2 (31.7) million. These were mainly related to the construction of the the new log yard. At the end of the financial period advance payments and work in progress included EUR 13.1 million related to the construction of new log yard. In addition there was investments during the financial period related to the channel dryer, the renewal of the second planing mill, and the new sawmill, among others.

The additions during 2023 were mainly related to the new sawmill in Järvelä. Other significant investments during the financial period were a spindleless lathe, and a solar power plant in Järvelä.

During the financial year, EUR 0.4 (1.3) million in financial expenses were capitalised regarding loans for the new sawmill.

ACCOUNTING POLICY

Land is recognised in property, plant and equipment at cost. Other property, plant and equipment is recognised at cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Financial costs of loans used to finance the construction of assets are capitalised as part of the cost of tangible fixed assets over the construction period when the conditions for capitalisation are met. Depreciation is calculated using the straight-line method over the estimated useful life of the asset.

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

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

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

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

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

13. Forest assets

Koskisen owns 764 hectares of forest land in Southern Finland at the end of the financial period. The value of the forest assets, i.e. standing trees, is EUR 3.9 million as at 31 December 2024 (31 December 2023: EUR 3.6 million).

EUR thousand	2024	2023
Carrying value, at Jan 1	**3,599**	**2,731**
Gain (loss) arising from changes in fair value	505	870
Decreases due to harvest	-141	-
Decreases due to sales	-48	-2
Carrying value, at Dec 31	**3,915**	**3,599**

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

ACCOUNTING POLICY

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

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

Key estimates and judgements

Valuation of forest assets

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

14. Leases

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

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

The balance sheet shows the following amounts relating to leases:

EUR thousand	31 Dec 2024	31 Dec 2023
Right-of-use assets		
Power plants	17,965	18,751
Machinery and equipment	14,584	6,891
Buildings	1,284	289
Land and water areas	209	229
Total	**34,043**	**26,159**
Lease liabilities		
Non-current	29,465	23,857
Current	4,024	2,132
Total	**33,489**	**25,989**

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Additions to the right-of-use assets during the financial year	10,649	1,636

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

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Depreciation charge of right-of-use assets		
Power plants	1,659	1,589
Machinery and equipment	1,760	1,191
Buildings	310	138
Land and water areas	45	49
Total	**3,773**	**2,967**
Interest expense	2,209	2,079

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Expense relating to short-term leases[1]	26	8
Expense relating to leases of low value assets that are not short-term leases[1]	223	361

[1] Included in other operating expenses

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
The total cash flow for leases in the financial year	5,618	5,607

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

ACCOUNTING POLICY

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

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

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

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

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

Koskisen applies the short-term and low value asset exemptions provided by the standard. Short-term leases are leases with a lease term of 12 months or less. Low value assets include, among others, bicycles and ICT equipment. Lease payments associated with those leases are recognised as an expense on a straight-line basis.

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

Key estimates and judgements

Embedded leases

Koskisen has agreements for heat energy supply and sawn timber manufacturing for which management has assessed whether the agreements include a lease. When the agreements include an identified asset and Koskisen utilises substantially all of the capacity of the assets and therefore obtains substantially all of the economic benefits from the use of the assets, and if Koskisen also has right to direct the use of the asset for a period of time, Koskisen accounts the arrangement as a lease. In arrangements where all lease payments are variable, not dependent on an index or a rate, and are not in-substance fixed, no lease liability or right-of-use asset is recognised in the balance sheet.

Lease term determination

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

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

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

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

Incremental borrowing rate determination

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

15. Intangible assets

EUR thousand	Softwares	Advance payments and work in progress	Total
Cost at Jan 1, 2024	**3,622**	**30**	**3,652**
Translation differences	2	-	2
Additions	48	12	60
Disposals	-2,345	-	-2,345
Reclassifications	43	-30	13
Cost at Dec 31, 2024	**1,369**	**12**	**1,382**
Accumulated amortisation and impairment at Jan 1, 2024	**-2,344**	**-**	**-2,344**
Translation differences	-1		-1
Accumulated amortisation of disposals and reclassifications	2,345	-	2,345
Amortisation	-346	-	-346
Accumulated amortisation and impairment at Dec 31, 2024	**-345**	**-**	**-345**
Carrying value at Jan 1, 2024	**1,278**	**30**	**1,308**
Carrying value at Dec 31, 2024	**1,024**	**12**	**1,036**

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

ACCOUNTING POLICY

Software-related costs

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

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

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

16. Inventories

EUR thousand	31 Dec 2024	31 Dec 2023
Raw materials	29,060	22,534
Work in progress	4,981	4,824
Finished goods	15,186	10,185
Total	**49,227**	**37,544**

Write-downs of slow-moving inventories to net realisable value amounted to EUR 249 thousand in 2024 (2023: EUR 288 thousand). These were recognised as an expense during the financial year and included in changes in inventories in the statement of comprehensive income. The Group reversed EUR 288 thousand of a previous inventory write-down in 2024, based on the Group's assessment of the net realisable values (2023: EUR 98 thousand). The amount reversed has been included in changes in inventories in the statement of comprehensive income.

ACCOUNTING POLICY

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

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

17. Other receivables

EUR thousand	31 Dec 2024	31 Dec 2023
Non-current assets		
Other accrued income on expenses	10	11
Total	**10**	**11**
Current assets		
Advances of purchases of logs	4,047	3,731
VAT receivables	3,074	2,090
Sales receivables	779	1,314
Other accrued income on expenses	665	1,625
IT expenses accruals	508	425
Other receivables	464	1,242
Total	**9,536**	**10,427**
Other receivables total	**9,546**	**10,439**

18. Assets held for sale

EUR thousand	2024	2023
Assets held for sale at Jan 1		
Reclassification from Property, plant and equipment	729	-
Impairment	-232	-
Disposals	-50	-
Assets held for sale at Dec 31	**447**	**-**

The machines and equipment of the decommissioned old sawmill have been classified as assets held for sale during the period. A sales contract has been made for these, according to which they will be dismantled and transferred to the new owner during years 2024 and 2025, and ownership will be transferred in accordance with the agreed payment schedule.

ACCOUNTING POLICY

An asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use of the asset. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups and its sale must be highly probable. These assets, or the assets and liabilities in the disposal group, are presented separately in the consolidated balance sheet and are valued at the lower of its carrying amount and fair value less costs to sell. Depreciation is not performed on long-term assets classified as held for sale or being part of a disposal group classified as held for sale.

19. Equity

EUR thousand	Total number of shares outstanding (pcs)	Treasury shares (pcs)	Total number of issued shares (pcs)	Share capital	Reserve for invested unrestricted equity
1 Jan 2023	23,002,659	-	23,002,659	1,512	73,843
Directed share issue without consideration, management[1]	9,000	-	9,000	-	-
Acquisition of treasury shares	-1,086	1,086	-	-	-
31 Dec 2023	23,010,573	1,086	23,011,659	1,512	73,843
Directed share issue without consideration, management[1]	13,500	-	13,500	-	-
31 Dec 2024	**23,024,073**	**1,086**	**23,025,159**	**1,512**	**73,843**

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

Share capital

Koskisen Corporation has one series of shares, and all shares are equally entitled to dividends. One share carries one vote at the general meeting. The shares do not have a nominal value. The Koskisen Corporation shares are listed on the Nasdaq Helsinki stock exchange. The shares are included in the book-entry system maintained by Euroclear Finland Ltd. The trading code is KOSKI and the ISIN code is FI4000533005.

On 7 February 2023, Koskisen Corporation's Board of Directors decided on a directed share issue without consideration to the company's CEO and CFO as part of the remuneration of management pursuant to the authorisation granted by the Extraordinary General Meeting of 31 October 2022. The issued shares were registered in the Trade Register on 16 February 2023. The total number of shares increased to 23,011,659 shares when in total 9,000 new shares were issued to the CEO and CFO.

The value of the first instalment of the remuneration to the CEO for the completion of the IPO corresponds to 12,000 shares, half of which was paid in cash to cover withholding tax. The value of the first instalment of the remuneration to Koskisen's CFO corresponds to 6,000 shares, half of which was paid in cash to cover withholding tax. The share issue without consideration did not impact the company's share capital or capital structure.

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

On 16 February 2024 Koskisen Corporation's Board of Directors decided on a free share issue directed to the company's CEO and CFO as part of management remuneration based on the authorisation given by the annual general meeting on 11 May 2023. The issued shares were registered in the trade register on 28 February 2024. The total number of shares increased to 23,025,159 shares when the CEO and CFO were given 13,500 new shares. The value of the second instalment of the reward related to the completion of the listing to Koskisen's CEO corresponds to 18,000 shares, half of which was paid in cash to cover the withholding tax. The value of the second instalment of the reward to Koskisen's CFO corresponds to 9,000 shares, half of which was paid in cash to cover the withholding tax. The share issue without consideration did not impact the company's share capital or capital structure.

Legal reserve

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

Reserve for invested unrestricted equity

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

Treasury shares

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

Translation differences

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

20. Earnings per share

EUR	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Earnings per share		
Profit (loss) for the period attributable to the owners of the parent company (EUR)	8,287,597	20,230,125
Weighted average number of shares outstanding during the period	23,021,352	23,010,189
Diluted weighted average number of shares outstanding during the period	23,290,168	23,182,729
Basic earnings per share (EUR)	**0.36**	**0.88**
Diluted earnings per share (EUR)	**0.36**	**0.87**

ACCOUNTING POLICY

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

21. Financial assets and liabilities

FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

EUR thousand	Fair value hierarchy level	31 Dec 2024	31 Dec 2023
Financial assets measured at amortised cost			
Trade receivables	-	23,835	23,365
Deposits[1]	-	-	20,000
Cash and cash equivalents	-	31,823	35,771
Total financial assets measured at amortised cost		**55,658**	**79,136**
Financial assets measured at fair value through profit or loss			
Capital redemption contracts	1	11,236	10,625
Derivatives	2	277	947
Other assets measured at fair value through profit or loss	3	14	14
Total financial assets measured at fair value through profit or loss		**11,526**	**11,585**
Financial liabilities measured at amortised cost			
Loans from financial institutions	2	32,772	37,711
Lease liabilities	-	33,489	25,989
Trade payables	-	29,211	25,411
Trade payables, payment system	-	6,470	7,396
Total financial liabilities measured at amortised cost		**101,943**	**96,507**
Financial liabilities measured at fair value through profit or loss			
Derivative liabilities	2	141	-
Total financial liabilities measured at fair value through profit or loss		**141**	**-**

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

The fair value of the loans from financial institutions on 31 December 2024 was EUR 32.8 million (31 December 2023: EUR 37.7 million). The fair value of the loans has been determined by discounting the future cash flows at the estimated market interest rate at the time of reporting. The company has estimated that the contractual interest rate of the loans is reasonably close to the market interest rate and has not made an adjustment to the discount rate at which the fair values are determined, in which case the fair values of the loans correspond to their nominal value. Since the company's loans from financial institutions have variable interest rates, the rise in market interest rates during the period has been directly reflected in the Group's interest expenses and has therefore not affected the fair value of the loans. Fair values of loans from financial institutions are classified in level 2 in the fair value hierarchy.

The fair value of derivatives is estimated based on the present value of future cash flows, using market prices on the valuation date, and the fair value of fund investments and capital redemption contracts is estimated on the basis of counterparty quotes. Changes in the fair value of derivatives, fund investments and capital redemption contracts are recognised in financial income and expenses. The most significant part of the changes in the fair value arises from derivatives, and they are mainly due to changes in market interest rates during the reporting period. The Group's open USD balance position at the time of closing on 31 December 2024 mainly consisted of trade receivables and a bank account, totalling EUR 3.1 million (31 December 2023: EUR 4.3 million). The nominal value of the hedging open futures on the reporting date is EUR 3.6 million (31 December 2023: EUR 2.4 million).

The hierarchy levels are as follows:

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

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

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

RECONCILIATION OF FINANCIAL LIABILITIES

EUR thousand	Borrowings	Lease	Total
1 Jan 2023	28,650	27,309	55,959
Cash flows from financing			
Repayments of borrowings	-4,500	-3,165	-7,665
Other changes			
Exportkredit and Kredex loans[1]	13,360	-	13,360
New leases	-	1,845	1,845
Effect of applying the effective interest rate[1]	200	-	200
31 Dec 2023	**37,711**	**25,989**	**63,700**
Cash flows from financing			
Repayments of borrowings	-6,625	-3,657	-10,281
Other changes			
Exportkredit and Kredex loans[1]	1,713	-	1,713
New leases	-	11,157	11,157
Effect of applying the effective interest rate[1]	-27	-	-27
31 Dec 2024	**32,772**	**33,489**	**66,262**

[1] No cash flow impact

Changes in financial liabilities

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

The financing agreement is valid for five years until year 2027. The financing agreement includes the usual financial covenant and default terms. Financial covenants are measured every six months on a rolling basis for the past 12 months and are calculated from the Koskisen Group's financial information. The interest on the loans is tied to the six-month Euribor, and they also have a margin, the level of which depends on the ratio of net debt to EBITDA.

A total of EUR 20.1 million in loans have been raised relating to the financing package for the new sawmill. The loans have been withdrawn in full at the time of the reporting and they are repaid semi-annually. The loans will mature between 2029 and 2031. The interest rates on the loans are tied to the six-month Euribor rate and the margins are fixed.

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

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

ACCOUNTING POLICY

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

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

Capital redemption contracts

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

Derivatives

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

Trade receivables

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

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

Deposits

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

Cash and cash equivalents

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

Impairment of financial assets

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

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

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

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

Borrowings

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

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

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

Trade payables

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

Trade payables, payment system

Koskisen provides, as part of its wood procurement process, a possibility for the seller to leave the transaction price or part of the transaction price received from the sale of logs in the payment system with Koskisen. A fixed interest rate is offered varying according to the size of the agreement. The length of the agreement varies between one and three years, after which it becomes indefinite unless the timber seller has terminated it 45 days before the end of the agreement. However, the seller has the right to withdraw the funds at any time with a 45 day notice period. These payment system trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. Due to the right to withdraw the funds, the payables are presented as current on the balance sheet. The carrying amount of the payment system trade payables is considered to equal their fair value due to their short maturity.

22. Provisions

EUR thousand	Environmental provisions	Others	Total
1 Jan 2024	185	-	185
Increase	118	-	118
Used during the year	-65	-	-65
31 Dec 2024	**239**	**-**	**239**
Non-current	150	-	150
Current	89	-	89
Total	**239**	**-**	**239**

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

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

ACCOUNTING POLICY

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

Key estimates and judgements

Estimation of the amount and timing of the provision

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

23. Other payables

EUR thousand	31 Dec 2024	31 Dec 2023
Non-current liabilities		
Accrued employee expenses	14	-
Total	**14**	**-**
Current liabilities		
Accrued employee expenses	7,869	8,856
Payroll tax liabilities	2,210	1,840
Subcontractor accruals	1,675	2,721
Accruals related to materials and services	925	1,027
Other liabilities	485	471
Interest liabilities	475	106
Property tax liability	179	-
Other accrued liabilities	483	791
Total	**14,300**	**15,811**
Other liabilities total	**14,314**	**15,811**

24. Group structure

Subsidiaries belonging to the Group as at 31 December 2024 are presented in the following table:

Subsidiary	Country of incorporation	Group ownership % 31 Dec 2024	Group ownership % 31 Dec 2023
Kosava-Kiinteistöt Oy	Finland	100%	100%
Koskisen Sp z.o.o	Poland	100%	100%

ACCOUNTING POLICY

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

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

25. Related party transactions

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

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

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
CEO		
Wages and salaries and other short-term employee benefits	447	613
Pension costs – defined contribution plans	133	161
Share-based payments	115	77
Total	**694**	**851**
Executive Board		
Wages and salaries and other short-term employee benefits	1,030	1,087
Pension costs – defined contribution plans	321	186
Share-based payments	57	39
Total	**1,408**	**1,312**
Board of Directors		
Wages and salaries	267	268
Pension costs – defined contribution plans	1	6
Total	**267**	**274**
Total remuneration of the management and Board of Directors	**2,370**	**2,437**

The CEO may receive a performance bonus amounting to a maximum of 48 per cent of the annual salary. The amount of the performance bonus depends on the annual targets. The CEO's period of notice is six months, and the severance pay equals six months' salary. The fixed salary consists of a basic salary and fringe benefits. The CEO has a defined contribution supplementary pension plan, the annual fee of which is an amount equivalent to two months' fixed salary. Based on the supplementary pension agreement, the CEO may retire at the age of 65. The members of the Executive Board also have a supplementary defined contribution pension plan, the annual fee of which is an amount equivalent to two months' fixed salary per member of the Executive Board. The statutory pension expense of the CEO and Executive Board for the financial year 2024 amounted to EUR 240 thousand (2023: EUR 278 thousand). The Board of Directors' fees do not include statutory retirement obligation.

During the financial period 2022, Koskisen established share-based incentive plans for its key employees and key management. In addition, some of the members of the Executive Board who are related parties have participated in Koskisen's personnel offering. More detailed information on the share-based incentive plans is presented in note 7: Share-based incentive plans.

SHAREHOLDING OF THE KEY MANAGEMENT PERSONNEL

EUR thousand	31 Dec 2024	31 Dec 2023
Board of Directors, CEO and Executive Board		
Shares (pcs)	6,449,204	6,785,781
Shareholding, %	28%	29%
Total number of shares outstanding (pcs)	**23,024,073**	**23,010,573**

Additional information about changes in shares in note 19: Equity.

On 31 December 2024, the members of the Board of Directors, CEO and Executive Board held altogether 6,449,204 shares. The figures include the holdings of their own, their close family members and control entities. During the financial year, no loans have been granted to the Group's management. No pledges have been given or other commitments made on behalf of the company's management and shareholders.

RELATED PARTY TRANSACTIONS

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Income from sale of property, plant and equipment	-	881
Purchases of materials and supplies	-88	-
Rent expense	-3	-4
Total	**-90**	**877**

During the financial period, the company purchased wood from a member of the Board of Directors belonging to the company's related parties. During the comparative financial year, 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.

26. Contingent liabilities and commitments

EUR thousand	31 Dec 2024	31 Dec 2023
Liabilities for which collaterals have been given		
Loans from financial institutions	15,500	20,500
Account and guarantee limits in use at the balance sheet date		
Account limit	-	-
Guarantee limit	83	83
Mortgages		
Real estate mortgages	307,200	307,200
Company mortgages	181,551	181,551
Guarantees		
Advance payment, delivery, etc. guarantees	83	83

Koskisen has committed to a total of EUR 9.5 million in payments related to investments. The commitments are mainly related to the investment programme in plywood production which was launched at the end of the year, and the new log yard in Järvelä.

Legal disputes

As at 31 December 2024, there were no significant on-going legal disputes (31 December 2023: no significant legal disputes).

ACCOUNTING POLICY

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A present obligation is considered as contingent liability when it is not probable that an outflow of resources is required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

27. Events after the financial period

Koskisen Corporation communicated on 10 March 2025 that it has agreed to acquire the business operations of Iisveden Metsä Oy. The transaction will be carried out as a business acquisition, including, with certain limited exceptions, the entire business of Iisveden Metsä, including the factory property located in Suonenjoki with machinery and equipment, as well as inventories. The personnel of Iisveden Metsä, approximately 50 people, will be transferred to Koskisen as "old employees".

The debt-free purchase price of the transaction is EUR 22.5 million and its cash part will be adjusted at the time of the completion of the transaction by a net working capital adjustment, which is not expected to be significant. In addition, Koskisen will pay the seller a maximum earnout of EUR 4 million if the conditions specified for the payment of the earnout, mainly related to sales price of sawn timber, are met during 2025–2027.

Iisveden Metsä's revenue (unaudited) in 2024 was EUR 52.7 million (EUR 52.5 million in 2023, audited) and EBITDA (unaudited) in 2024 was EUR 1.4 million (EUR 0.5 million in 2023, audited). The book value of the balance sheet items to be transferred was approximately EUR 24.9 million (unaudited) at the end of 2024.

If completed, the transaction will increase Koskisen's revenue and EBITDA. The transaction is expected to create synergies in raw material sourcing, especially for birch logs, thus supporting the organic growth and profitability of the Panel Industry. The transaction will also have positive effects on the production efficiency and the optimisation of market-specific concepts of Sawn Timber Industry. The completion of the transaction is currently not expected to have an impact on Koskisen’s profit guidance for 2025.

The completion of the transaction requires the approval of Finnish and Estonian competition authorities, approval by a qualified majority at the Annual General Meeting of Iisveden Metsä and the fulfilment of certain other ordinary closing conditions. Koskisen expects the transaction to be completed during the first half of 2025.

On 21 March 2025, Koskisen Corporation’s Board of Directors decided on a free directed share issue for the payment of share rewards under the company’s long-term performance-based incentive programme for 2022–2026 (earning period 2022–2024). A total of 70,376 new shares were issued free of charge in a directed share issue to seven persons covered by the incentive programme in accordance with the terms of the programme. The rewards paid under the incentive programme to each participating person were paid in shares and cash. The cash component covers the tax costs related to the shares. The total number of shares in Koskisen Corporation after the registration of new shares is 23 095 535 shares. The total of 70,376 shares issued in the free directed share issue were registered in the Finnish Trade Register on 4 April 2025. Koskisen Corporation’s Board of Directors decided on the free directed share issue on the basis of an authorisation granted by the Annual General Meeting on 16 May 2024.

Parent company's Financial Statements (FAS)

Income statement

EUR	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
REVENUE	**270,998,529.97**	**260,819,102.99**
Change in inventories of finished goods and work in progress	4,928,576.67	978,557.83
Production for own use	437,035.99	222,508.51
Other operating income	3,213,154.91	7,844,343.83
Materials and services		
Materials, supplies, goods		
Purchases during the period	-138,142,526.88	-121,338,113.32
Change in inventories	5,613,380.42	2,678,027.71
Materials, supplies, goods	**-132,529,146.46**	**-118,660,085.61**
External services	-39,921,664.50	-36,439,331.43
Materials and services	**-172,450,810.96**	**-155,099,417.04**
Personnel expenses		
Wages and salaries	-36,262,349.23	-35,896,406.51
Pension costs	-6,152,072.55	-5,760,441.58
Other social security costs	-1,238,773.33	-1,818,530.63
Personnel expenses	**-43,653,195.11**	**-43,475,378.72**
Depreciation, amortisation and impairment		
Depreciation and amortisation	-6,952,280.49	-5,535,553.10
Impairment on non-current assets	–	-35,186.90
Depreciation, amortisation and impairment	**-6,952,280.49**	**-5,570,740.00**
Other operating expenses	-46,556,401.81	-43,823,570.21
OPERATING PROFIT (LOSS)	**9,964,609.17**	**21,895,407.19**
Finance income and expense		
Income from investments	1,012.50	967.50
Other interest and financial income		
From group undertakings	83,268.59	111,355.38
From others	2,725,892.28	3,882,186.09
Interest expenses and other financial expenses		
To group undertakings	-26,377.86	-18,571.80
To others	-3,916,063.80	-3,115,508.33
Finance income and expense	**-1,132,268.29**	**860,428.84**
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	**8,832,340.88**	**22,755,836.03**
Appropriations		
Change in cumulative accelerated depreciation	-6,152,034.78	-7,731,772.21
Appropriations	**-6,152,034.78**	**-7,731,772.21**
Income taxes		
Taxes for current and prior periods	-19,744.59	-1,791,620.48
Income taxes	**-19,744.59**	**-1,791,620.48**
PROFIT (LOSS) FOR THE PERIOD	**2,660,561.51**	**13,232,443.34**

Balance sheet

EUR	31 Dec 2024	31 Dec 2023
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Other intangible assets	1,165,438.31	1,582,538.12
Advance payments	12,328.00	29,832.00
Intangible assets	**1,177,766.31**	**1,612,370.12**
Tangible assets		
Land and water areas	6,129,857.97	6,138,146.05
Buildings and structures	39,544,381.20	38,987,993.97
Machinery and equipment	45,897,420.43	30,469,451.67
Other tangible assets	2,711,471.68	3,183,132.02
Advance payments and work in progress	15,407,126.46	17,042,567.61
Tangible assets	**109,690,257.74**	**95,821,291.32**
Investments		
Investments in Group companies	365,736.77	365,736.77
Other shares and equity interests	223,172.42	223,172.42
Other receivables	10,121,212.00	10,060,606.00
Investments	**10,710,121.19**	**10,649,515.19**
NON-CURRENT ASSETS	**121,578,145.24**	**108,083,176.63**
CURRENT ASSETS		
Inventories		
Materials and supplies	27,208,975.91	21,595,595.50
Work in progress	4,911,166.03	4,821,951.03
Finished goods	14,702,979.79	9,863,618.12
Inventories	**46,823,121.73**	**36,281,164.65**

EUR	31 Dec 2024	31 Dec 2023
Receivables		
Non-current receivables		
Receivables from Group companies	92,000.00	1,340,000.00
Prepayments and accrued income	3,334,178.56	4,243,500.00
Non-current receivables	**3,426,178.56**	**5,583,500.00**
Current receivables		
Trade receivables	22,428,021.77	20,871,270.44
Receivables from Group companies	3,921,631.71	2,820,760.80
Other receivables	7,162,701.26	7,014,646.80
Prepayments and accrued income	2,530,042.07	4,538,602.73
Current receivables	**36,042,396.81**	**35,245,280.77**
Receivables	**39,468,575.37**	**40,828,780.77**
Cash equivalents		
Other securities	20,000,000.00	30,000,000.00
Cash equivalents	**20,000,000.00**	**30,000,000.00**
Cash and bank	**10,854,347.77**	**25,142,203.64**
CURRENT ASSETS	**117,146,044.87**	**132,252,149.06**
ASSETS	**238,724,190.11**	**240,335,325.69**

EUR	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,512,000.00	1,512,000.00
Revaluation reserve	60,301.21	70,222.30
Other reserves		
Legal reserve	16,202.59	16,202.59
Reserve for invested unrestricted equity	58,825,127.65	58,825,127.65
Other reserves	**58,841,330.24**	**58,841,330.24**
Retained earnings (loss)	54,759,201.00	48,894,461.02
Profit (loss) for the financial year	2,660,561.51	13,232,443.34
EQUITY	**117,833,393.96**	**122,550,456.90**
APPROPRIATIONS		
Cumulative accelerated depreciation	35,285,264.93	29,133,230.15
APPROPRIATIONS	**35,285,264.93**	**29,133,230.15**
STATUTORY PROVISIONS		
Other statutory provisions	140,674.00	–
STATUTORY PROVISIONS	**140,674.00**	**–**

EUR	31 Dec 2024	31 Dec 2023
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	25,732,560.62	32,400,349.48
Liabilities to Group companies	852,480.26	743,115.60
Deferred tax liability	337,096.00	339,576.27
Accruals and deferred income	121,212.00	60,606.00
Non-current liabilities	**27,043,348.88**	**33,543,647.35**
Current liabilities		
Loans from financial institutions	8,249,430.00	6,493,565.50
Advances received	977,840.98	633,691.99
Trade payables	28,848,009.94	24,825,932.36
Liabilities to Group companies	265,658.68	674,036.45
Other liabilities	8,894,432.21	9,494,972.24
Accruals and deferred income	11,186,136.53	12,985,792.75
Current liabilities	**58,421,508.34**	**55,107,991.29**
LIABILITIES	**85,464,857.22**	**88,651,638.64**
EQUITY AND LIABILITIES	**238,724,190.11**	**240,335,325.69**

Statement of cash flows

EUR	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Cash flow from operating activities		
Profit (loss) for the period	2,660,561.51	13,232,443.34
Adjustments:		
Depreciation, amortisation and impairment	6,952,280.49	5,570,740.00
Gains and losses of disposals of non-current assets	249,228.83	-242,502.42
Unrealised foreign exchange gains and losses	-109,992.09	115,872.89
Financial income and expenses	1,242,260.38	-976,301.73
Appropriations	6,152,034.78	7,731,772.21
Income taxes	19,744.59	1,791,620.48
Operating cash flow before working capital changes	17,166,118.49	27,223,644.77
Working capital changes		
Increase (-) / decrease (+) in inventories	-10,541,957.08	-3,656,585.54
Increase (-) / decrease (+) in non-interest bearing receivables	-1,099,029.22	-788,986.12
Increase (+) / decrease (-) in non-interest bearing liabilities	2,129,359.57	-9,385,494.38
Cash flows from operations before financial items and taxes	7,654,491.76	13,392,578.73
Interest paid from operating activities	-2,205,011.44	-2,024,996.44
Interest received from operating activities	1,910,011.10	1,510,128.94
Dividends received from operating activities	1,012.50	967.50
Other financial items for operating activities	440,963.64	385,828.81
Income taxes paid	1,397,334.26	-2,846,505.66
Proceeds from repayments of loans	624,000.00	1,040,000.00
Net cash flow from operating activities	**9,822,801.82**	**11,458,001.88**

EUR	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Cash flow from investing activities		
Purchase of tangible and intangible assets	-19,754,383.44	-16,653,146.27
Proceeds from sale of tangible and intangible assets	510,645.69	937,671.12
Investments in other investments	-60,606.00	-10,060,606.00
Investments in time deposits	–	-35,000,000.00
Repayment of time deposits	20,000,000.00	15,000,000.00
Net cash flow from investing activities	**695,656.25**	**-45,776,081.15**
Cash flow from financing activities		
Proceeds from non-current borrowings	111,469.84	136,630.39
Repayment of non-current borrowings	-6,624,714.90	-4,500,000.00
Purchase of treasury shares	–	-3,365.90
Proceeds from current borrowings	859,296.72	1,511,899.62
Repayment of current borrowings	-1,784,662.24	-1,432,086.44
Dividends paid	-7,367,703.36	-9,895,013.37
Net cash flow from financing activities	**-14,806,313.94**	**-14,181,935.70**
Net change in cash and cash equivalents	**-4,287,855.87**	**-48,500,014.97**
Cash and cash equivalents at the beginning of the period	35,142,203.64	83,642,218.61
Cash and cash equivalents at the end of the period	**30,854,347.77**	**35,142,203.64**

Notes to the financial statements of parent company

Basis of preparation

Koskisen Corporation's financial statements for the financial year between 1 January to 31 December 2024, have been prepared in accordance with the provisions of the Finnish Accounting Act and other regulations and provisions regarding the preparation of financial statements valid in Finland.

Valuation of inventories

Inventories are valued at acquisition cost or, if lower, at probable replacement or disposal cost. The acquisition cost is determined using the weighted average cost method. In addition to direct costs, a part of the indirect costs of acquisition and manufacturing is included in the acquisition cost of the inventory.

Valuation of non-current assets

Intangible and tangible assets are recognised at acquisition cost less depreciation, amortisation and impairments, and increased by any revaluations. The revaluations are based on an external assessment, and their existence is justified based on the assessment of the company's management. The deferred tax liabilities arising from the revaluations have been deducted from the revaluation reserve in equity and presented on the balance sheet in the 'Deferred tax liabilities'. The acquisition cost includes the variable costs resulting from procurement and manufacturing. The depreciation has been calculated on a straight-line basis over the economic lifetime of the intangible and tangible assets. The depreciation starts from the month the asset was commissioned. The impairment is entered if the future income accrued by the asset is permanently below the book value.

Depreciation periods are:

Other intangible assets	5 years
Buildings	20–50 years
Structures	10 years
Machinery and equipment	5–15 years
Other tangible assets	5–10 years

Valuation of financial instruments and derivatives

In accordance with section 5:2 of the Accounting Act, financial assets are valued at the acquisition cost or at the lower probable fair market value. Financial liabilities are valued at their nominal value.

In accordance with the principles of risk management, the Group may use derivatives as protection from the price risks of goods, interest rates or currency. Pursuant to statement 1963/13.12.2016 of the Accounting Board, the negative fair value of interest and currency derivative contracts at the balance sheet date is recorded in the income statement and as a mandatory provision, as well as the possibly resulting deferred tax in deferred tax receivables.

Electricity price fixings are used as protection against the price risk of supply at market prices. The price fixings used hedges 25% to 95% of the electricity supply needed for the operations over the next three years. The fair values of the electricity price fixings are treated as off-balance sheet liabilities to the extent that electricity price fixings can be deemed to meet the preconditions set forth in statement 1963/2016 of the Accounting Board for treatment as an off-balance sheet liability. The electricity price fixings are settled and paid on a monthly basis in accordance with the contracts. The electricity price fixings have been deemed to meet the preconditions for treatment as an off-balance sheet liability.

Foreign currency items

Receivables and liabilities in foreign currency have been converted into EUR subject to the exchange rate on the balance sheet date. The exchange rate gains or losses arising from the valuation of receivables or liabilities are entered in the profit and loss account as a financial exchange difference.

Deferred taxes

Deferred tax liabilities or assets have been calculated for temporary differences between taxation and the financial statements on the basis of the tax rate of the next years confirmed at the time of the financial statements. The balance sheet includes the deferred tax liabilities in total as well as the deferred tax assets corresponding with the amount of the estimated probable receivable.

Notes to the income statement

Revenue by segments and geographical areas

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Distribution by industry		
Panel Industry	131,249	138,424
Sawn Timber Industry	139,737	122,384
Other sales	12	11
Total	**270,999**	**260,819**
Geographical distribution		
Finland	108,697	111,111
Japan	23,990	21,116
Poland	17,860	16,147
Germany	16,846	15,961
Other EU countries	73,492	64,959
Other countries	30,114	31,525
Total	**270,999**	**260,819**

Other operating income

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Sale of emission allowances	1,294	2,385
Other operating income from subsidiaries	1,203	3,932
Firewood sales to forest owners	237	263
Grants received	184	294
External rental income	110	93
Gains on disposal of property, plant and equipment	53	399
Compensations received	35	106
Other operating income	97	373
Total	**3,213**	**7,844**

Other operating expenses

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Sales freight and forwarding	-21,807	-20,231
Lease costs	-6,581	-5,714
IT expenses	-4,138	-3,929
Maintenance of property	-3,677	-3,438
Consulting and administrative services	-1,735	-1,253
Personnel related expenses	-1,587	-1,913
Administrative expenses	-1,537	-1,536
Travel expenses	-989	-968
Sales commissions	-664	-656
Marketing expenses	-597	-684
Research and development expenses	-292	-535
Other expenses	-2,953	-2,968
Total	**-46,556**	**-43,824**

Auditor remuneration

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Audit	-148	-98
Tax advisory services	-	-5
Other services	-57	-28
Total	**-205**	**-131**

Average number of employees at parent company during the fiscal year

	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Salaried employees	219	215
Workers	575	597
Total	**794**	**812**

Salaries and remuneration of management

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Board members and CEO		
Wages and salaries and other short-term employee benefits	-714	-881
Pension costs – defined contribution plans	-133	-167
Share-based payments	-115	-77
Total	**-962**	**-1,125**

The CEO has a defined contribution supplementary pension plan, the annual contribution of which is equivalent to two months' fixed salary. Based on the supplementary pension agreement, the CEO can retire at the age of 65.

Income tax

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Taxes for the financial year	-39	-1,608
Taxes for prior financial years	20	-184
Total	**-20**	**-1,792**

Finance income and expense

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Finance income		
Dividend income from others	1	1
Interest income	1,488	2,391
Foreign exchange gain	552	996
Other finance income	769	606
Total	**2,810**	**3,995**

EUR thousand	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Finance costs		
Interest expenses	-2,836	-2,051
Foreign exchange loss	-547	-1,007
Other finance expenses	-560	-76
Total	**-3,942**	**-3,134**

The exchange rate differences are mainly due to changes in the exchange rates of the US dollar and the Polish zloty.

Notes to balance sheet

The acquisition cost, additions, disposals and accumulated depreciation of the fixed assets of the parent company

	Intangible assets		Tangible assets					Investments			
EUR thousand	**Other long-term expenses**	**Advance payments**	**Land**	**Buildings and structures**	**Machinery and equipment**	**Other tangible assets**	**Advance payments and construction in progress**	**Investments in Group Companies**	**Other shares and equity interests**	**Other receivables**	**Total**
Cost at 1 Jan 2024	**4,750**	**30**	**6,138**	**78,200**	**101,237**	**7,359**	**17,043**	**366**	**223**	**10,061**	**225,405**
Additions	25	12	12	1,783	5,680	-	13,787	-	-	61	21,359
Disposals	-2,346	-	-7	-1,120	-8,379	-677	-140	-	-	-	-12,670
Revaluation	-	-	-12	-	-	-	-	-	-	-	-12
Reclassifications	30	-30	-	791	14,492	-	-15,282	-	-	-	-
Cost at 31 Dec 2024	**2,458**	**12**	**6,130**	**79,654**	**113,030**	**6,681**	**15,407**	**366**	**223**	**10,121**	**234,083**
Accumulated depreciation and impairment at 1 Jan 2024	**-3,167**	**-**	**-**	**-39,213**	**-70,767**	**-4,175**	**-**	**-**	**-**	**-**	**-117,323**
Accumulated depreciation of disposals and reclassifications	2,346	-	-	1,119	7,697	609	-	-	-	-	11,770
Depreciation	-472	-	-	-2,016	-4,061	-403	-	-	-	-	-6,952
Accumulated depreciation and impairment at 31 Dec 2024	**-1,293**	**-**	**-**	**-40,110**	**-67,132**	**-3,970**	**-**	**-**	**-**	**-**	**-112,505**
Value increases			2,281	2,741							5,022
Carrying value at 1 Jan 2024	**1,583**	**30**	**6,138**	**38,988**	**30,469**	**3,183**	**17,043**	**366**	**223**	**10,061**	**108,083**
Carrying value at 31 Dec 2024	**1,165**	**12**	**6,130**	**39,544**	**45,897**	**2,711**	**15,407**	**366**	**223**	**10,121**	**121,578**

	Intangible assets		Tangible assets					Investments			
EUR thousand	**Other long-term expenses**	**Advance payments**	**Land**	**Buildings and structures**	**Machinery and equipment**	**Other tangible assets**	**Advance payments and construction in progress**	**Investments in Group Companies**	**Other shares and equity interests**	**Other receivables**	**Total**
Cost at 1 Jan 2023	**4,549**	**290**	**6,168**	**58,842**	**94,339**	**5,587**	**25,306**	**496**	**223**	**-**	**195,799**
Additions	389	30	33	7,299	8,603	120	13,540	-	-	10,061	40,076
Disposals	-662	-	-63	-1,613	-3,544	-429	-4,029	-130	-	-	-10,469
Reclassifications	473	-290	-	13,672	1,839	2,081	-17,775	-	-	-	-
Cost at 31 Dec 2023	**4,750**	**30**	**6,138**	**78,200**	**101,237**	**7,359**	**17,043**	**366**	**223**	**10,061**	**225,405**
Accumulated depreciation and impairment at 1 Jan 2023	**-3,466**	**-**	**-**	**-39,098**	**-70,840**	**-3,966**	**-**	**-130**	**-**	**-**	**-117,501**
Accumulated depreciation of disposals and reclassifications	662		-	1,272	3,544	142		130	-	-	5,749
Depreciation	-363	-	-	-1,386	-3,436	-351	-	-	-	-	-5,536
Impairments	-		-	-	-35	-		-	-	-	-35
Accumulated depreciation and impairment at 31 Dec 2023	**-3,167**	**-**	**-**	**-39,213**	**-70,767**	**-4,175**	**-**	**-**	**-**	**-**	**-117,323**
Value increases			2,293	2,741							5,035
Carrying value at 1 Jan 2023	**1,082**	**290**	**6,168**	**19,745**	**23,499**	**1,620**	**25,306**	**366**	**223**	**-**	**78,298**
Carrying value at 31 Dec 2023	**1,583**	**30**	**6,138**	**38,988**	**30,469**	**3,183**	**17,043**	**366**	**223**	**10,061**	**108,083**

Group companies

Subsidiary company	Registered office	Parent company's ownership 31 Dec 2024	Parent company's ownership 31 Dec 2023
Kosava-Kiinteistöt Oy	Kärkölä, Finland	100%	100%
Koskisen Sp z.o.o	Warsaw, Poland	100%	100%

Receivables from Group companies

EUR thousand	31 Dec 2024	31 Dec 2023
Loan receivables:		
Koskisen Sp z.o.o.	716	1,340
Total	**716**	**1,340**
Trade receivables:		
Koskisen Sp z.o.o.	3,290	2,814
Kosava-Kiinteistöt Oy	8	7
Total	**3,298**	**2,821**
All in total	**4,014**	**4,161**

Most significant items included in prepayments and accrued income

EUR thousand	31 Dec 2024	31 Dec 2023
Non-current prepayments and accrued income		
Prepaid rent of leasing contracts	3,334	4,244
Total	**3,334**	**4,244**
Current prepayments and accrued income		
Sales receivables	779	1,314
Other accrued income on expenses	632	647
IT expenses accruals	501	425
Other financial items	103	143
Interest receivables	74	496
Tax accrual	19	1,392
Other accrued income	423	121
Total	**2,530**	**4,539**

Changes in equity

EUR thousand		31 Dec 2024	31 Dec 2023
Share capital	1 Jan	1,512	1,512
Share capital	31 Dec	1,512	1,512
Revaluation reserve	1 Jan	70	70
Revaluation reserve, reduction		-10	-
Revaluation reserve	31 Dec	60	70
Legal reserve	1 Jan	16	16
Legal reserve	31 Dec	16	16
Total restricted equity		**1,589**	**1,598**
Reserve for invested unrestricted equity	1 Jan	58,825	58,825
Reserve for invested unrestricted equity	31 Dec	58,825	58,825
Retained earnings (loss)	1 Jan	62,127	58,793
Dividend distribution		-7,368	-9,895
Acquisition of treasury shares		-	-3
Retained earnings (loss)	31 Dec	54,759	48,894
Profit (loss) for the financial year		2,661	13,232
Total unrestricted equity		**116,245**	**120,952**
Total equity		**117,833**	**122,550**

Distributable unrestricted equity

EUR thousand	31 Dec 2024	31 Dec 2023
Reserve for invested unrestricted equity	58,825	58,825
Retained earnings (loss)	54,759	48,894
Profit (loss) for the financial year	2,661	13,232
Total	**116,245**	**120,952**

Statutory provisions

EUR thousand	31 Dec 2024	31 Dec 2023
Negative fair value of derivatives	141	-
Total	**141**	**-**

Debts that mature after more than five years

EUR thousand	31 Dec 2024	31 Dec 2023
Loans from financial institutions	2,895	4,323
Total	**2,895**	**4,323**

Debts that mature after more than five years will mature by 15 February 2031.

Payables to Group companies

The main bank accounts of the Group's Finnish companies are connected to the Group account arrangement, the main holder of which is Koskisen Corporation.

EUR thousand	31 Dec 2024	31 Dec 2023
Liabilities based on the group account arrangement:		
Kosava-Kiinteistöt Oy	852	741
Total	**852**	**741**
Trade payables:		
Kosava-Kiinteistöt Oy	59	41
Koskisen Sp z.o.o.	204	633
Total	**263**	**674**
Accrued expenses:		
Kosava-Kiinteistöt Oy	2	2
Total	**2**	**2**
All in total	**1,118**	**1,417**

Most significant items included in accruals and deferred income

EUR thousand	31 Dec 2024	31 Dec 2023
Non-current accruals and deferred income		
Accrued personnel costs	121	61
Total	**121**	**61**
Current accruals and deferred income		
Accrued personnel costs	7,452	8,487
Subcontractor's accrued expenses	1,675	2,721
Heating energy accruals	925	1,026
Interest accrual	475	106
Income taxes	44	-
Other short-term accrued expenses	616	645
Total	**11,186**	**12,986**

Deferred tax liability

EUR thousand	31 Dec 2024	31 Dec 2023
From value increases	337	340
Total	**337**	**340**

Notes to statement of cash flows

The cash and cash equivalents described in the statement of cash flows include cash, bank receivables that can be converted into cash if necessary, and financial securities with a highly liquid secondary market and with minimum risk of fluctuation in value. In practice, the financial securities included in cash and cash equivalents, which are presented in the balance sheet item Financial securities, are fund investments and time deposits with a deposit period of three months or less.

Collaterals, commitments and off-balance sheet arrangements

Given collaterals

EUR thousand	31 Dec 2024	31 Dec 2023
Liabilities secured by real estate- or business mortgages		
Loans from financial institutions	15,500	20,500
Account- and guarantee limits (EUR 8 million), of which in use at the balance sheet date:		
Account limit	-	-
Guarantee limit	83	83
Mortgages		
Given real estate mortgages	307,200	307,200
Given business mortgages	181,551	181,551
Guarantees		
Advance payment, delivery, etc. guarantees	83	83

Amounts payable from lease contracts

EUR thousand	31 Dec 2024	31 Dec 2023
Payable during following year	2,330	1,479
Payable later	7,112	1,609
Total	**9,442**	**3,088**
Residual values of lease contracts		
Payable during following year	5	2
Payable later	696	-
Total	**701**	**2**

Other liability commitments

The power plants sold to Lahti Energia by Koskisen Corporation, which have since been transferred to the ownership of Loimua Oy, have a repurchase obligation after the end of the contract period in October 2032. The repurchase price is estimated to be approximately EUR 15 million.

Koskisen has committed to a total of EUR 9.5 million in payments related to investments. The commitments are mainly related to the investment programme in plywood production which was launched at the end of the year, and the new log yard in Järvelä.

Koskisen Corporation's loan share of Asunto Oy Puumera on 31 December 2024 was EUR 117 thousand (31 December 2023: EUR 132 thousand).

The audit obligation of real estate investments in the financial statements

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Deducted VAT	28	36	16	7	8	93	22	4,842	512	5,564
Annual proportion of deducted VAT	3	4	2	1	1	9	2	484	51	556
Remaining years included in the review period	1	2	3	4	5	6	7	8	9	
Refundable amount of deduction	**3**	**7**	**5**	**3**	**4**	**56**	**16**	**3,873**	**461**	**4,427**

Derivative contracts and electricity price fixings valid at the balance sheet date

EUR thousand	2024 Fair value	2023 Fair value	2024 Nominal value	2023 Nominal value
Interest rate swaps				
due 25 February 2025	53	285	10,000	10,000
due 1 July 2025	94	271	10,000	10,000
due 27 October 2025	130	336	10,000	10,000
Total, interest rate swaps	**277**	**892**	**30,000**	**30,000**
Deferred tax asset	-	-		
Foreign exchange forward contracts				
EUR-USD, due date 28 March 2024		30		1,606
EUR-USD, due date 28 June 2024		25		810
EUR-USD, due date 28 March 2025	-76		1,963	
EUR-USD, due date 31 March 2025	-18		389	
EUR-USD, due date 27 June 2025	-46		1,266	
Total, foreign exchange forward contracts	**-141**	**55**	**3,619**	**2,416**
Electricity price fixings				
Due in year 2024		519		1,912
Due in year 2025	-52	11	2,110	557
Due in year 2026	-55		1,898	
Due in year 2027	-45		437	
Total, electricity price fixings	**-152**	**530**	**4,445**	**2,469**

Timber reserve

The company has entered into binding agreements with forest owners regarding future timber procurement (timber reserve). The amount of commitments at the time of closing the accounts is approximately EUR 42.7 million (31 December 2023: EUR 34.8 million).

Covenants

Loans from financial institutions include covenants. According to financing agreements, lenders can make loans due early, if the covenant conditions are not met. Loans from financial institutions are presented on the balance sheet in accordance with the repayment plans of the financing agreements valid at the time of the financial statements. During the financial year, the covenant conditions are reviewed every three months. The covenants were more than fulfilled in the 2024 fiscal year.

Share-based incentives

Share-based incentive plan 2022–2026

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

Share-based incentive plan 2022–2026 – Performance period 2022–2024

The key employees eligible for the programme, the incentives to be paid, the vesting conditions and targets determined by the company's Board of Directors were communicated to the persons participating in the arrangement in June 2022. The key employees eligible for the programme (six individuals) can receive a maximum of 138,000 company shares (gross amount) if the terms of the programme are met. During 2024, Koskisen Corporation included a new participant in the plan, raising the number of eligible employees to seven (7), and the maximum number of company shares that can be received to 156 000 (gross amount). The vesting conditions and the targets relate to meeting certain key figures (EBITDA and return on invested capital) and work obligation. The earned shares are given to the key employees after the vesting period ends. From the total number of shares, Koskisen withholds the withholding tax corresponding to the income tax liability of the key employee and pays it to the tax authorities. The arrangement has a net settlement feature of tax obligations and is classified as an equity-settled share-based transaction in its entirety. The arrangement is treated as an equity-settled share-based transaction.

Share-based incentive plan 2022–2026 – Performance period 2023–2025

In April 2023, the company's Board of Directors resolved on the criteria and targets as well as the key employees eligible for the incentive programme 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 programme. 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 programme, the key employees eligible for the incentive programme may earn a maximum of 215,000 shares (gross amount). The earned shares are given to the key employees after the vesting period ends. From the total number of shares, Koskisen withholds the withholding tax corresponding to the income tax liability of the key employee and pays it to the tax authorities. The arrangement has a net settlement feature of tax obligations and is classified as an equity-settled share-based transaction in its entirety. The arrangement is treated as an equity-settled share-based transaction.

Share-based incentive plan 2022–2026 – Performance period 2024–2026

In May 2024, the company's Board of Directors resolved on the criteria and targets as well as the key employees eligible for the incentive programme for the third earning period. The members of the Group Executive Board, a total of eight people, are currently entitled to participate in the long-term share-based incentive programme. The company's Board of Directors decided in June to add new participants to the 2024–2026 earning period, after which the maximum number of participants will be 25. The potential receipt and amount of the reward is based, in alignment with the growth strategy, on increase in net sales and the accumulated adjusted EBITDA from 1 January 2024 to 31 December 2026, and the person's continued employment with the company.

During the third earning period of the incentive programme, the key employees eligible for the incentive programme may earn a maximum of 331,000 company shares (gross amount). The earned shares are given to the key employees after the vesting period. From the total number of shares, Koskisen withholds the withholding tax corresponding to the income tax liability of the key employee and pays it to the tax authorities. The arrangement has a net settlement feature of tax obligations and is classified as an equity-settled share-based transaction in its entirety. The arrangement is treated as an equity-settled share-based transaction.

Incentive plan related to the Initial public offering

In June 2022, Koskisen established a share-based incentive plan for key management. The Board of Directors has determined the employees eligible for the programme, the incentives to be paid, and the vesting conditions and targets. The programme includes two individuals who, if the conditions are met, can receive a maximum of 45,000 company shares. The earning criteria and goals are related to the listing and work obligation. The first part is paid two months after the listing and the second part 12 months after the first part is paid. The reward is paid half in shares and half in cash, which is determined by the value of the share at the time of payment. The arrangement is treated partly as an equity-settled and partly as a cash-settled share-based transaction. The first part was paid in full in February 2023. The second part was paid in full in February 2024.

Share issue directed to personnel

In September 2022, Koskisen carried out a directed share issue to its employees, in which all employees working in a permanent employment relationship could participate. The subscription price of the shares issued as part of the personnel offering (115,018) was lower than the fair value of the shares. The subsequent sale of the subscribed shares is limited and the shares are subject to an obligation to work for a period that ends with a separate decision of the Board of Directors, when two years have passed since the approval of the share subscriptions or when at least six months have passed since the listing, whichever occurs later. The share restrictions ended and the shares were vested on 29 September 2024.

Events after the financial period

Koskisen Corporation communicated on 10 March 2025 that it has agreed to acquire the business operations of Iisveden Metsä Oy. The transaction will be carried out as a business acquisition, including, with certain limited exceptions, the entire business of Iisveden Metsä, including the factory property located in Suonenjoki with machinery and equipment, as well as inventories. The personnel of Iisveden Metsä, approximately 50 people, will be transferred to Koskisen as "old employees".

The debt-free purchase price of the transaction is EUR 22.5 million and its cash part will be adjusted at the time of the completion of the transaction by a net working capital adjustment, which is not expected to be significant. In addition, Koskisen will pay the seller a maximum earnout of EUR 4 million if the conditions specified for the payment of the earnout, mainly related to sales price of sawn timber, are met during 2025–2027.

Iisveden Metsä's revenue (unaudited) in 2024 was EUR 52.7 million (EUR 52.5 million in 2023, audited) and EBITDA (unaudited) in 2024 was EUR 1.4 million (EUR 0.5 million in 2023, audited). The book value of the balance sheet items to be transferred was approximately EUR 24.9 million (unaudited) at the end of 2024.

If completed, the transaction will increase Koskisen's revenue and EBITDA. The transaction is expected to create synergies in raw material sourcing, especially for birch logs, thus supporting the organic growth and profitability of the Panel Industry. The transaction will also have positive effects on the production efficiency and the optimisation of market-specific concepts of Sawn Timber Industry. The completion of the transaction is currently not expected to have an impact on Koskisen's profit guidance for 2025.

The completion of the transaction requires the approval of Finnish and Estonian competition authorities, approval by a qualified majority at the Annual General Meeting of Iisveden Metsä and the fulfilment of certain other ordinary closing conditions. Koskisen expects the transaction to be completed during the first half of 2025.

On 21 March 2025, Koskisen Corporation's Board of Directors decided on a free directed share issue for the payment of share rewards under the company's long-term performance-based incentive programme for 2022–2026 (earning period 2022–2024). A total of 70,376 new shares were issued free of charge in a directed share issue to seven persons covered by the incentive programme in accordance with the terms of the programme. The rewards paid under the incentive programme to each participating person were paid in shares and cash. The cash component covers the tax costs related to the shares. The total number of shares in Koskisen Corporation after the registration of new shares is 23 095 535 shares. The total of 70,376 shares issued in the free directed share issue were registered in the Finnish Trade Register on 4 April 2025. Koskisen Corporation's Board of Directors decided on the free directed share issue on the basis of an authorisation granted by the Annual General Meeting on 16 May 2024.

Signatures of the Report of the Board of Directors and Financial Statements

These financial statements are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and of the companies included in its consolidated financial statements.

The report of the Board of Directors includes a fair review of the development and performance of the Group and of the companies included in its consolidated accounts, together with a description of the principal risks and uncertainties and the financial position of the Company.

The sustainability statements included in the Report of the Board of Directors have been prepared in accordance with the reporting standards referred to in Chapter 7 of the Finnish Accounting Act and Article 8 of the Taxonomy Regulation.

In Helsinki on 10 April 2025

Pekka Kuusniemi
Chairman of the Board

Kari Koskinen
Board member

Hanna Masala
Board member

Kalle Reponen
Board member

Hanna Sievinen
Board member

Eva Wathén
Board member

Jukka Pahta
CEO

The auditor's note

Our auditor's report has been issued today.
In Helsinki on 10 April 2025

PricewaterhouseCoopers Oy
Audit firm

Markku Launis
Authorised Public Accountant (KHT)

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Koskisen Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Koskisen Oyj (business identity code 0148241-9) for the year ended 31 December 2024. The financial statements comprise:

- consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and notes, which include material accounting policy information and other explanatory information
- the parent company's balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 9 Other operating expenses to the Financial Statements.

Our Audit Approach

Overview

Overall group materiality:
EUR 2 800 000, which represents 1% of net sales

Audit scope:
We have audited parent company

Valuation of inventory

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality EUR 2 800 000
How we determined it 1% of net sales
Rationale for the materiality benchmark applied We chose net sales as the benchmark because, in our view, the performance of the Group is most commonly measured by using this criteria, and it is a generally accepted benchmark. We chose net sales as the benchmark as we considered that this provides us with a consistent year-on-year basis for determining materiality.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The audit of the consolidated financial statements was focused on the most significant location in Finland, where we performed an audit based on the size of the company and the characteristics of the risks. In other group companies we have performed other audit procedures to mitigate the risk of material misstatements in the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group and parent company	How our audit addressed the key audit matter
Valuation of inventory *Refer to accounting principles and to note 16 in the consolidated financial statements and to the notes of the parent company's financial statements.* • Inventory is one of the most significant balance sheet items and amounted to EUR 49,2 million in the consolidated balance sheet and EUR 46,8 million in the parent company's balance sheet at the balance sheet date. • In consolidated financial statements, inventories are stated at the lower of cost and net realisable value. In the parent company's financial statements, inventories are stated at the lower of cost, net realisable value, or probable replacement cost. The cost is determined by the weighted average cost method. The cost comprises raw materials, direct labour, depreciation and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. • A valuation allowance is made for old, slow-moving inventories based on the managements best estimate of the expected net realisable value at the end of the reporting period. • Valuation of inventories is a key audit matter due to the size of the balance and the level of management judgement involved in the estimation process.	• We assessed the compliance of the group's accounting policies in comparison to applicable accounting framework and performed control testing and test of details to valuation and existence of the inventories. • We tested a sample of inventory items to third party purchase invoices. We also tested management's calculations on the absorption of relative share of indirect production overheads. • We attended stock takings in selected inventory locations to obtain audit evidence regarding existence of the inventory. During stock takes we assessed the appropriateness of the stock takes and performed independent test counts. • We compared the value of selected finished goods inventory items to the sales prices.
There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.	

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 26 April 2022. Our appointment represents a total period of uninterrupted engagement of 3 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises in the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 10 April 2025

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)

Assurance Report on the Sustainability Report

(Translation of the Finnish Original)

To the Annual General Meeting of Koskisen Oyj

We have performed a limited assurance engagement on the group sustainability report of Koskisen Oyj (business identity code 0148241-9) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the reporting period 1.1.–31.12.2024.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with

1 the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2 the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Koskisen Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment).

Our opinion does not cover the tagging of the group sustainability report in accordance with Chapter 7, Section 22, of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that requirement in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the Responsibilities of the Authorised Group Sustainability Auditor section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Authorised Group Sustainability Auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Management ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Koskisen Oyj are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a

framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Report

In reporting forward-looking information in accordance with ESRS, management of the Company is required to prepare the forward-looking information on the basis of assumptions that have been disclosed in the sustainability report about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Responsibilities of the Authorised Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for example the following:

- We interviewed the company's management and the individuals responsible for collecting and reporting the information contained in the group sustainability report at the group level, as well as at different levels and business areas of the organization to gain an understanding of the sustainability reporting process and the related internal controls and information systems.
- We familiarised ourselves with the background documentation and records prepared by the company where applicable, and assessed whether they support the information contained in the group sustainability report.
- We performed site visits at the company's head office and site of operation in Finland.
- We assessed the company's double materiality assessment process in relation to the requirements of the ESRS standards, as well as whether the information provided about the assessment process complies with the ESRS standards.
- We assessed whether the sustainability information contained in the group sustainability report complies with the ESRS standards.
- Regarding the EU taxonomy information, we gained an understanding of the process by which the company has identified the group's taxonomy-eligible and taxonomy-aligned economic activities, and we assessed the compliance of the information provided with the regulations.

Helsinki 10.4.2025

PricewaterhouseCoopers Oy
Authorised Sustainability Auditors

Markku Launis
Authorised Sustainability Auditor

Independent Auditor's Reasonable Assurance Report on Koskisen Oyj ESEF Financial Statements (Translation of the Finnish Original)

To the Management of Koskisen Oyj

We have been engaged by the Management of Koskisen Oyj (business identity code 0148241-9) (hereinafter also "the Company") to perform a reasonable assurance engagement on the Company's consolidated IFRS financial statements for the financial year 1 January – 31 December 2024 in European Single Electronic Format ("ESEF financial statements") version 9845000D85046ECFFF27-2024-12-31-fi.zip.

Management's Responsibility for the ESEF Financial Statements

The Management of Koskisen Oyj is responsible for preparing the ESEF financial statements so that they comply with the requirements as specified in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF requirements"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of ESEF financial statements that are free from material noncompliance with the ESEF requirements, whether due to fraud or error.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion on the ESEF financial statements based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the ESEF financial statements are free from material noncompliance with the ESEF requirements.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the ESEF financial statements compliance with the ESEF requirements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material noncompliance of the ESEF financial statements with the ESEF requirements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's preparation of the ESEF financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, Koskisen Oyj's ESEF financial statements for the financial year ended 31 December 2024 comply, in all material respects, with the minimum requirements as set out in the ESEF requirements.

Our reasonable assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except for Koskisen Oyj for our work, for this report, or for the opinion that we have formed.

Helsinki 10 April 2025

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)

Information for investors

Koskisen Corporation's shares are listed in NasdaqHelsinki Ltd's Small Cap market capitalization group in the Basic Resources sector under the KOSKI ticker.

Financial calendar 2025

Koskisen Corporation will publish financial reports in 2025 as follows::

9 May 2025
Interim Report for January–March 2025

18 August 2025
Half-Year Report for January–June 2025

15 November 2025
Interim Report for January–September 2025

All financial reports are published in Finnish and in English and they are available after publication at: **https://koskisen.fi/en/investors/reports-and-presentations/**

Annual General Meeting 2025

The highest decision-making body is Koskisen's shareholders at general meetings of shareholders, where the shareholders can exercise their right to speak, present questions and vote. Koskisen Corporation's Annual General Meeting (AGM) 2025 will be held on Thursday, 15 May 2025 in Kärkölä.

Dividend policy

Koskisen Corporation's dividend policy aims to pay an attractive dividend, which is at least one third of the net profit annually. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.12 per share is paid for the financial year 2024.

Silent period

Regularly published financial reviews are preceded by a silent period that starts 30 days before the publication date of the financial review. The company's representatives do not comment on the company's financial situation, market or future prospects during the silent period. The silent period ends with the publication of the financial statement bulletin, half-year report or interim report. If an event during the silent period (such as a significant business event) requires immediate disclosure, the company will publish the information without delay in accordance with the regulations and procedures regarding the obligation to disclose insider information and may comment on the event in question after the information is published.

Investor calendar

Koskisen Corporation's investor events are available on the company's website at:
https://koskisen.fi/en/ir-calendar

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