

KOSKISEN

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INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT



On a more solid footing into the next upcycle

Koskisen is transitioning from a period of very active investment in recent years towards a slightly calmer phase of profitable growth. In addition, Koskisen's performance should gain traction when global construction eventually recovers from the weak cycle that has prevailed for years. However, we believe that this is appropriately priced into the share, as most valuation methods indicate that the share's valuation is quite neutral. We reiterate our EUR 9.00 target price and Reduce recommendation for Koskisen.

Koskisen is a wood products company

Koskisen is divided into the Sawmill Industry and Panel Industry, where the company's main products are softwood sawn timber, processed timber, birch plywood and chipboard. The company's entire production is in Finland. About 70% of the Group's revenue comes from Europe and both businesses (and especially the Sawmill Industry) are cyclical and volume-driven by nature. Koskisen's market is international and grows slowly organically but is large relative to the size of the company. With its quality strategy, Koskisen aims to find pockets on the market where customers value highly customized, high-quality products and accept a price premium on them. We believe the competitive dynamics of the sawmill sector are largely brutal and the margins are thin, whereas in the Panel Industry, with the products' higher value-added, we believe the average profitability potential of the segment is better. Koskisen's main risks include demand sensitive to the general economy, price fluctuations, tightening competition, and the structurally tight timber market in Finland.

Koskisen's target is to be able to generate 500 MEUR in revenue in 2027 and an average EBITDA of 15%. The over the cycle growth target would require M&A transactions in the fragmented sawn timber sector, even after last year's acquisition of Iisveden Metsä. We consider the margin target challenging, considering the structural profitability levels of the company's businesses.

There is clear room for improvement in earnings

Koskisen's demand outlook is supported by several drivers, like the growing popularity of ecological wood construction. Cyclically, the construction market has been in a slump in recent years. The next cyclical turnaround will likely be positive, but the outbreak of the war in Iran and the at least temporary rise in market interest rates it caused are new risks to the recovery timeline. A significant supply disruption still prevails in the Panel Industry in Europe, the root cause of which is Russia's war of aggression in Ukraine. In addition, the company's recent investments in the Sawn Timber Industry, the synergies from the acquisition of Iisveden Metsä, and the ongoing investment program in the Panel Industry have only partially delivered the targeted benefits from these investments. Therefore, we expect Koskisen's earnings trend, which made an upturn last year, to remain on the same path in the next few years. However, we have slightly lowered our estimates due to the volume and cost pressures likely to result from the war in Iran this year. In our forecasts, the company's revenue grows on a volume-driven basis by approximately 8% per year until 2028, and the adjusted EBITDA % gradually increases from 8% in the last 12 months to around 11%. In both units, margins are limited by Finland's tight timber market and, consequently, high log prices.

We feel the price tag is on the right level

Koskisen's 2026 and 2027 EV/EBITDA ratios are around 7x and 6x, and the P/B ratio (2026e) is around 1.3x. The multiples are within our acceptable ranges, taking into account the company's estimated return on capital and risk profile. The DCF is also close to the current share price. Thus, Koskisen's expected return based on earnings growth, falling multiples (2025 ACT P/E > 20x), and a dividend of around 2% is, in our view, below the required return. Thus, we maintain our cautious stance on the stock, although there could be leverage in the medium term if the European construction and economic recovery surprised positively during 2026-2027.

Recommendation

Reduce

(was Reduce)

Target price:

EUR 9.00

(was EUR 9.00)

Share price:

EUR 9.60

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	354.9	395.3	427.5	448.1
growth-%	26%	11%	8%	5%
EBIT adj.	14.5	23.7	29.7	32.9
EBIT-% adj.	4.1 %	6.0 %	7.0 %	7.3 %
Net Income	8.6	16.1	21.9	24.9
EPS (adj.)	0.37	0.67	0.91	1.03
P/E (adj.)	24.7	14.4	10.6	9.3
P/B	1.3	1.3	1.2	1.1
Dividend yield-%	1.5 %	2.1 %	3.1 %	3.9 %
EV/EBIT (adj.)	19.0	11.6	8.7	7.3
EV/EBITDA	9.5	6.9	5.6	4.9
EV/S	0.8	0.7	0.6	0.5

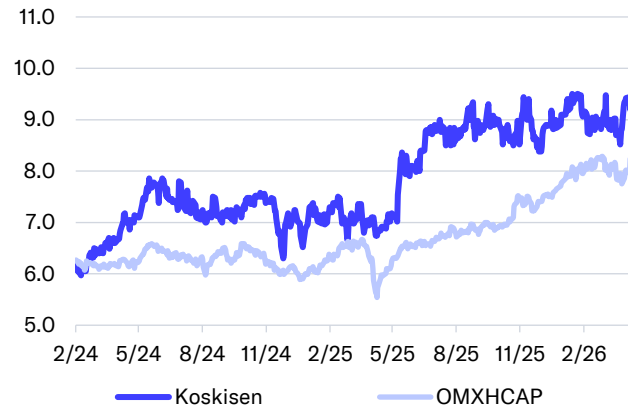
Source: Inderes

Guidance

(Unchanged)

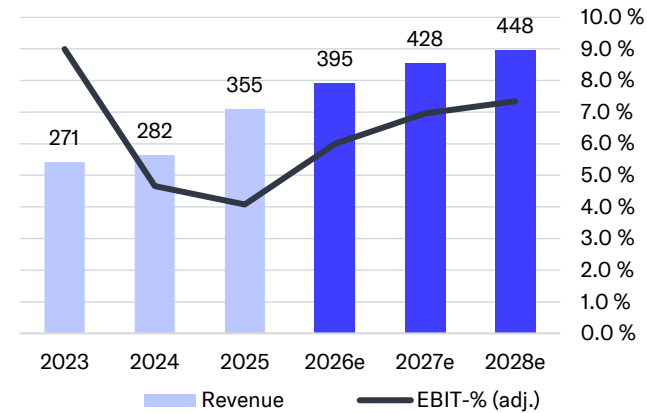
Koskisen group's revenue for 2026 is expected to grow from the 2025 level. The adjusted EBITDA margin is expected to be 8-12%

Share price



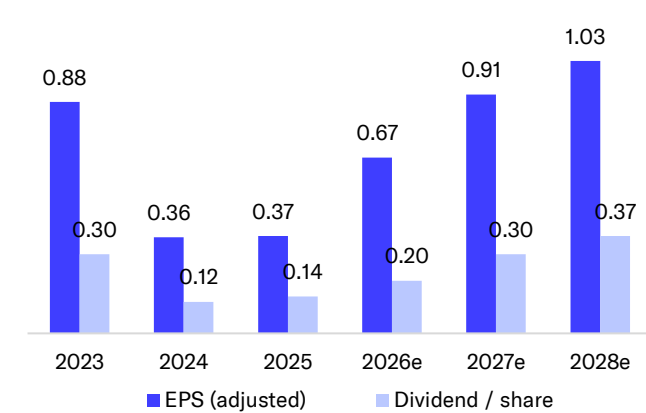
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Healthy long-term demand trends
- Increasing exports and finding customers who appreciate customization
- Potential for improvement in the level of profitability
- Business generates value (ROIC>WACC) in a favorable cycle
- War-related supply disruptions help Panel Industry for the foreseeable future

Risk factors

- Cyclical nature of demand and dependence on construction activity
- Tight competition situation in for Sawn Timber Industry
- Removal of the supply disruptions in Panel Industry
- Tight timber market in Finland

Valuation	2026e	2027e	2028e
Share price	9.60	9.60	9.60
Number of shares, millions	24.1	24.1	24.1
Market cap	231	231	231
EV	275	258	242
P/E (adj.)	14.4	10.6	9.3
P/E	14.4	10.6	9.3
P/B	1.3	1.2	1.1
P/S	0.6	0.5	0.5
EV/Sales	0.7	0.6	0.5
EV/EBITDA	6.9	5.6	4.9
EV/EBIT (adj.)	11.6	8.7	7.3
Payout ratio (%)	30.0 %	33.1 %	35.8 %
Dividend yield-%	2.1 %	3.1 %	3.9 %

Source: Inderes

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Koskisen in brief

Koskisen is a Finnish wood processing company that has been operating in the wood product markets for over 100 years. Koskisen operates in two business segments, i.e. Sawn Timber Industry and Panel Industry

1909

Year of establishment

2022

IPO on the Helsinki Stock Exchange

10%

Average revenue growth 2020-2025

12.5%

Average adjusted EBITDA % 2019-2025

355 MEUR (+26% vs. 2024)

Revenue in 2025

29 MEUR (8.1% of revenue)

Adjusted EBITDA in 2025



1909-

- Plywood and chipboard production began in the 1960s and 1970s
- Moderate growth until the turn of the millennium. A strong growth phase at the beginning of the 21st century, heavy investments
- Technology development progressed from laboratory to pre-industrial scale
- Since the current CEO started in 2016, the company's business structure has been simplified and the balance sheet has been cleaned with write-downs

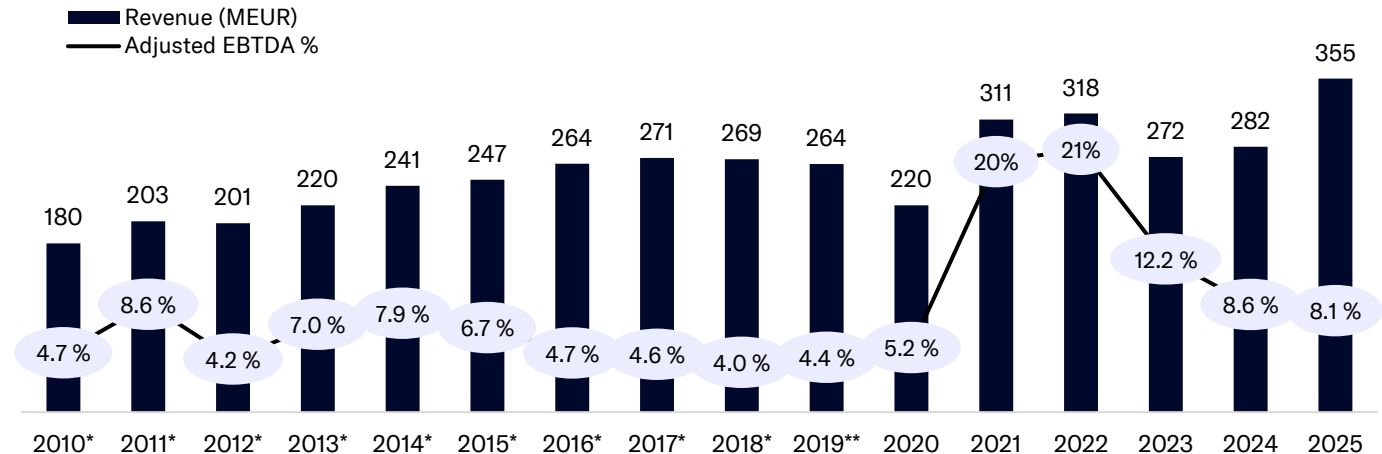
2018-2022

- The company sold and closed down its businesses before the COVID crisis
- Restructuring burdened profitability in 2018-2020
- Investment decision to build the new Järvelä wood processing unit (2021)
- Exceptionally good performance in 2021-2022 due to high prices of sawn timber and/or plywood
- Listing on the Main Market of Nasdaq Helsinki (2022)

2022-

- Cyclically weak demand and a more difficult market due to the slump in the construction sector
- Adapting to the difficult situation on the Finnish timber market
- Ramp-up of the new saw line in 2023-H1'24 and realizing the benefits from H2'24
- Refining the growth strategy and continued implementation with a focus on current businesses
- Growing the Sawn Timber Industry and wood procurement in 2025 with the acquisition of Iisveden Metsä
- Doubling Core capacity in Poland with a new unit in 2024-2025

Revenue and profitability development



Source: Koskisen, Inderes
 *FAS figures from Koskitukki Group's financial statements
 **FAS

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The Sawn Timber Industry sells sawn timber, processed timber and production side streams

The **sawn timber** in Koskisen's Sawn Timber segment comprises standard-sawn timber and dimensioned and strength-graded timber manufactured from spruce and pine. Products are manufactured in standard and custom sizes used by the construction industry, and the final use of these products is typically in the construction industry. The company has not disclosed the revenues of its individual products since the prospectus. We estimate that sawn timber has generated close to one-half of the unit's revenue in the past year. This share is likely to increase due to the lisveden Metsä acquisition, which was completed at the beginning of June 2025.

Processed timber in the Sawn Timber segment, include further processed timber. Koskisen processes the timber it produces mainly by planing and, to a lesser extent, by painting, which raises the price point of the product with limited additional investment. Despite the likely good output/input ratio of processing, a quick and significant increase in the degree of processing is not possible, as many customers want to buy both processed products and basic sawn timber from the same supplier. Processed timber includes interior and exterior lining made of spruce and pine, pretreated and painted exterior lining, floorboards, as well as planed and painted wood. The final use of processed timber is typically in building construction and renovation. We estimate that the revenue of processed products has been about one-third of the unit's revenue in the last year.

In the Sawn Timber Industry segment, Koskisen has a **wood sourcing function** which purchases wood (birch,

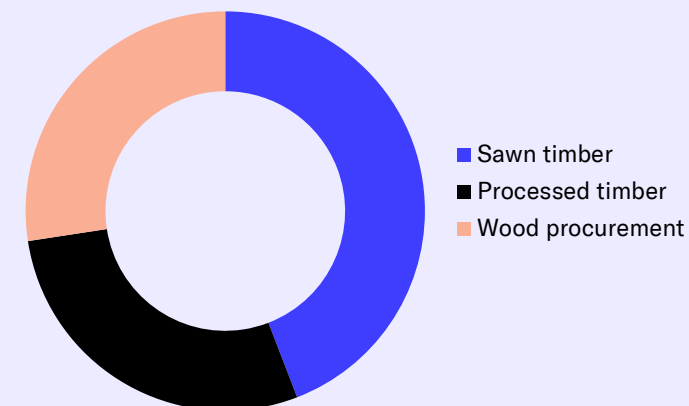
spruce and pine) mainly from private forest owners in Finland and provides forest management services to these forest owners. These are provided on a turnkey basis, including post-logging forest management. The acquisition of lisveden Metsä expanded wood procurement operations geographically from Southern Finland to Savo and increased the total volume by just over 25% to around 1.9 million cubic meters. Koskisen uses approximately two-thirds of the wood it has procured in its operations (incl. both business areas), and the remaining one-third is sold to third parties, in practice to the pulp industry. On the other hand, this also reflects the Finnish timber market, where wood buyers cannot, in practice, buy only the type of wood they need from forest owners, but trading is done on whole stands.

Wood procurement also includes the delivery of production by-products and waste to power plants producing bioenergy, such as power plants located in Koskisen's production plants, owned and operated by Loimua. Brokerage-type wood sales and Bioenergy, based on the utilization of by-product flows and meeting the company's own energy needs, are support functions that enable efficient running of the core businesses. We estimate that the share of revenue from wood procurement (incl. bioenergy) in the Sawn Timber Industry's revenue has been approximately one-quarter during the past year.

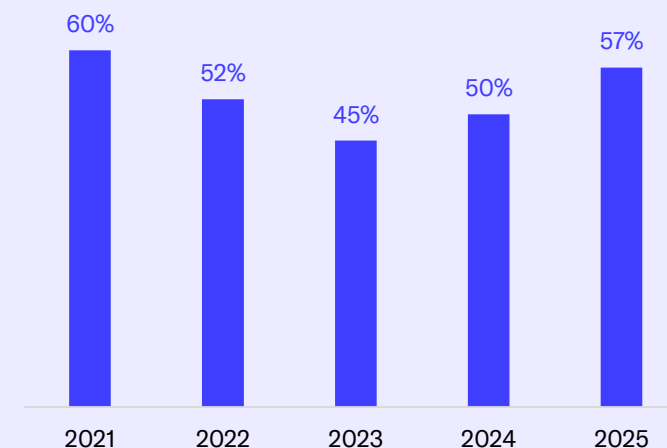
The business is driven by Europe

Koskisen has not disclosed the geographical distribution of its sales by business area. However, due to the Group's geographical revenue distribution and the global nature of the sawn timber business, we estimate that the main markets for the Sawn Timber Industry are Finland, the rest

Estimated* revenue distribution of the Sawn Timber Industry



Sawn Timber Industry's share of revenue



Source: Inderes, Koskisen
*Inderes' estimate

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of Europe, and Japan. Despite the strategic nature of the latter market (incl. typically high quality requirements), the business is still very much driven by the European construction cycle, as Japan accounts for good 15% of the Sawn Timber Industry's sales (panel products are hardly delivered to Japan). In Japan, the company's growth potential should be good due to the dynamics of the local market. We believe the Iisveden Metsä acquisition further increased the Sawn Timber Industry's European weight, but with the acquisition, the company's exports expanded significantly to Southern Europe and especially to Italy.

Due to exports to overseas markets, the Sawn Timber Industry carries a certain currency risk, especially related to USD. Overall, we believe that the currency risks of the Sawn Timber Industry and especially the Group are rather low, particularly after hedges.

Sawn timber production is dominated by the new Järvelä sawmill

Koskisen's Sawn Timber Industry's largest production unit is in Järvelä, where the new saw line commissioned in 2023 now has a capacity of 400,000 cubic meters of sawn timber per year, and after the channel dryer investments in 2026, it will reach 450,000 cubic meters per year. The saw line, which we believe represents the most advanced technology in the industry, is highly competitive in terms of production efficiency. With the acquisition of Iisveden Metsä last year, Koskisen also gained a second production facility in Suonenjoki, with a capacity of around 140,000 cubic meters. We suspect that the Suonenjoki plant is significantly weaker than the Järvelä sawmill in terms of technical age and efficiency. In addition, Koskisen has had leased production capacity in Kouvola (fully variable cost

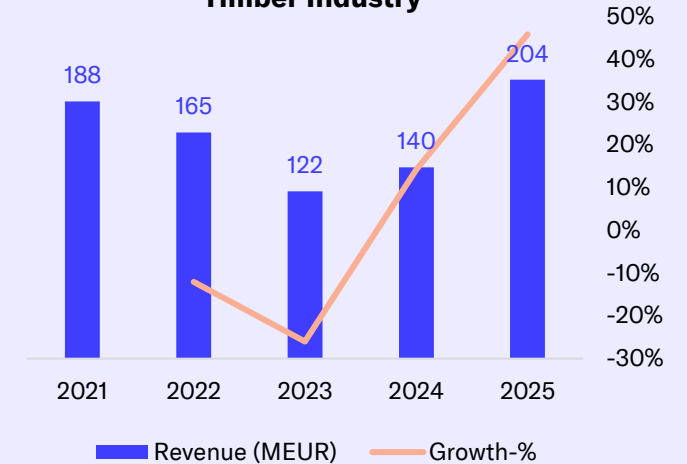
structure). After the Iisveden Metsä acquisition, the Sawn Timber Industry no longer carries the binary risk of a single factory, even though the Järvelä unit is of considerable importance to the Group.

The Sawn Timber Industry is cyclical

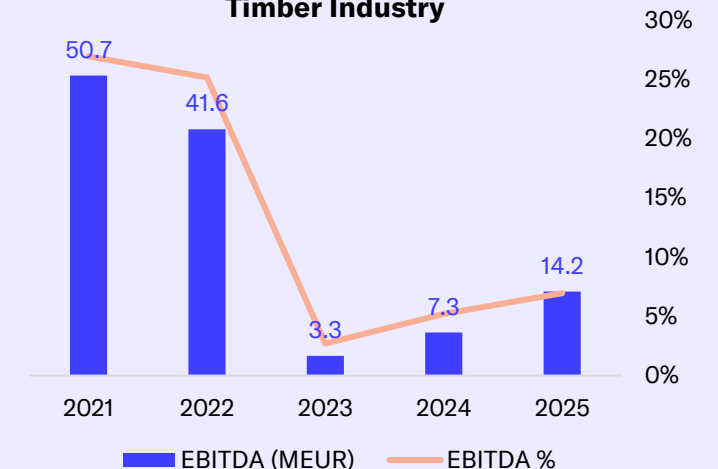
The Sawn Timber Industry is cyclical by nature, as especially the activity in the most important end use, i.e., construction, and thus the sales volumes of sawn timber and processed products typically fluctuate depending on economic conditions, political environments, changes in financial markets, and even exchange rates. An estimated 60% of the direct customers in the Sawn Timber Industry (and a large share of the indirect customers) operate in the construction industry. A small proportion of customers come from the packaging and furniture industries, as well as other sectors, but fluctuations in economic activity also affect demand in these customer groups. In general, construction that drives business is post-cyclical, as construction companies' order books are often long. Thus, in our view, the ups and downs of the cycle also affect Koskisen with a delay relative to changes in economic growth, but the different timing of inventory cycles can sometimes sway this overall picture.

Changes in construction activity typically affect the basic demand for sawn timber (i.e. consumption) and the amount of sawn timber inventories in the value chain. Historically, the change in total demand caused by these components has swayed the sales prices of sawn timber heavily, especially as the supply typically adjusts rather slowly to changes in the operating environment. This is further emphasized by the significant role of wholesalers who thrive in particular on price volatility in the global value

Revenue and growth of the Sawn Timber Industry



EBITDA and EBITDA % of the Sawn Timber Industry



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chain between producers and end-users. Thus, changes in prices and volumes in particular have swayed the profitability of Koskisen's Sawn Timber Industry strongly.

There are also seasonal variations in the business

The seasonal fluctuation in the revenue of the Sawn Timber Industry and thus repatriation of earnings are strongly linked to the construction season and the company's production shutdowns. Production shutdowns typically occur during the summer holidays at the end of Q2 and/or the beginning of Q3 and around Christmas at the end of the year. Summer is more lively in terms of sales, because the construction season is in full swing in the northern hemisphere. According to our estimate, Q2 and Q3 are typically (under normal conditions) the best in terms of demand for the Sawn Timber Industry, although production shutdowns occur in Q3. Demand is typically moderate in Q4, and Q1 is the weakest quarter of the year, although the situation may vary in individual years.

Sales channels are direct and targeted at the intermediate level

We believe Koskisen does not have significant risks related to individual customers at the Group level, but suspect that the largest customer accounts may form a high single-digit share of the Sawn Timber Industry's revenue after the Iisveden Metsä acquisition. Thus, there is only a rather tolerable concentration risk within the business area. Koskisen largely sells its products through direct sales, which, we estimate accounts for over half of Koskisen's sawn timber sales. The rest of the products are sold to wholesalers and distributors.

Sales to smaller customers is managed through distributors and wholesalers, while the largest customers are served by direct sales. We believe that pursuing direct sales is a strategic choice, as direct sales allow the company to obtain higher margins as the margin taken by the distributor/wholesaler remains in the company. In addition, with direct sales, Koskisen is in direct interaction with the customer. This allows for a quicker and better understanding of the customer's future needs, enabling Koskisen to direct its production, customize products, or, e.g., optimize its working capital more efficiently.

In practice, Koskisen tries to be an agile player who finds the right customers in terms of profitability and customer retention and who, with the help of sales personnel who are heavily involved in the customers' businesses, can sell products to customers sensibly, considering the production conditions (raw material availability, production planning, and control). The role of production management, in particular, has grown since the Iisveden Metsä acquisition, as the company can now, in principle, optimize at least some orders between two production plants. In addition, Koskisen tries to separate itself from its competitors in the eyes of its customers as a reliable, long-term partner by offering products manufactured from solid wood originating from responsibly managed Finnish forests to its quality-conscious customers globally.

Sales to the Sawn Timber Industry's main markets (i.e. Finland, Japan, and the largest European countries) are mainly handled by the company's own sales personnel located in Finland, while sales agents are otherwise used. The remuneration of sales agents is based on commissions, and these commissions are typically tied to sales volumes. Utilizing the agent network provides certain flexibility in the

cost structure and facilitates sales management. Despite the agent network, direct sales makes the commercial capability of the sales organization a critical function. This strategic choice has required investments in the sales organization, which is also reflected in the cost structure as a higher fixed cost base than in a more intermediate-level driven model. In addition, the company must also be successful in driving sales so that agents bring not only volumes but also target margins to the company. We believe the company's current direct sales and agent network can handle significantly higher sales volumes than currently, so growth should not, in principle, cause significant additional fixed costs in sales.

Sawn Timber Industry operates with a quality strategy

We believe that agility and delivering on the quality-based customer value proposition described above are important, as volumes and the availability of inexpensive raw materials are generally the key competitive factors in the sawmill business. Koskisen is a small player on an industry scale. The timber market in Finland is also tight, especially after Russian timber imports ended, as the shortage of pulpwood spills over into the log trade due to the purchasing practices of integrated players. Thus, despite the efficient production of the new saw line in Järvelä, the company does not have sustainable cost benefits at least internationally. Therefore, competitiveness must be sought through efficiency, high quality, and flexibility. However, we are not yet fully convinced that these would be sustainable and structural sources of competitive advantage for the Sawn Timber Industry in global comparison, even though the company seems to have received a reasonable quality premium on its selling prices and achieved better profitability than many Nordic peers in recent years.

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The pricing model is typical for the industry

Koskisen's customer contracts are typically order-specific, and product prices are set

according to market standards and negotiated on a client-by-client basis. Pricing is quarterly, so the demand and price levels for the upcoming quarter are probed in the ongoing quarter. In our view, the framework of the pricing model is based on costs and a target volume and margin rather than the value received by the customer from the product. This is typical in the conventional manufacturing industry and we do not believe that this logic can largely be changed.

We suspect a price per unit is defined separately for each type of wood before the deal is closed. The final purchase price is determined based on the actual quantities of timber by species and previously agreed unit prices. In some contracts, Koskisen has included conditions that allow it to pass on certain costs (e.g. freight) to its customers.

Considering the fragmented structure of the industry and Koskisen's small size, the Sawn Timber Industry is the price taker in the big picture. The pricing model of the Sawn Timber Industry is subordinate to world market prices, although the market is divided into price- and quality-conscious markets and customers. Geographically, an example of a quality-driven market is Japan, while in North Africa, which is typically important for the Finnish sawn timber industry, the price is, on average, the main factor.

As a whole, the company's pricing models have short cycles, and we believe that a large part of the deals are one-off transactions, even though customer relationships at

best last for decades. On the one hand, we suspect this may lead to short sales visibility, but it provides flexibility for the company in the event of acute re-pricing needs. The risk in longer sales contracts is unprofitable sales if the price of raw wood suddenly increases. We do not believe that the framework of Koskisen's pricing model differs substantially from competitors or industry practices, but achieving a certain price premium is critical from the point of view of the unit's profitability.

Forest energy wood fraction prices are usually set on a seasonal basis, meaning prices for the next heating season (Q4 and Q1) are locked during the first and second quarters preceding it, while volume varies according to heating demand. Thus, the wood chip inventory remaining from the previous season impacts pricing. However, due to the company's pellet investment in 2025, we estimate that energy business sales will stabilize slightly compared to before (cf. the combined EBITDA improvement target for the pellet investment and district heating pipeline is, according to the company, 1.5 MEUR). In timber brokerage operations, pricing follows the price development of the Finnish fiber and energy wood markets.

R&D

Product development in the Sawn Timber Industry is small and we believe development focuses more on process development and obtaining various quality certificates. We expect this normal situation for a mature business to continue in the future, and development investments to remain financially insignificant.

The sawn timber market is large

Sawn timber products are moved across oceans from one continent to another, so the sawn timber market is global. The global softwood sawn timber market was estimated to be worth 155 BEUR in the early part of the decade. After that, prices and volumes clearly decreased as global construction declined due to rising interest rates, and the market is unlikely to have grown substantially in 2024-2025. Therefore, we feel this estimated market size is still in the relevant sphere.

Of the entire sawn timber market, the addressable market for Koskisen was estimated to be around 22% in the 2021 prospectus, or in absolute terms, around 35 BEUR. We also believe this share is still in the right ballpark or has at most increased slightly due to the lisveden Metsä acquisition. Considering this, Koskisen has room to grow and the market size does not limit the company. However, increasing market share in a very mature, slow-growth market like the sawmill segment is difficult, so a large market size alone is not a reason to get excited. We also believe that the above figure should be seen as an indicative estimate, especially since a larger part of the Sawn Timber Industry's revenue comes from Europe and a large share of it from Finland.

Trends include urbanization and environmental awareness

Of the major trends in construction and thus the sawn timber market, urbanization supports demand both in Finland and elsewhere in the world. However, changes in the country's population and regional structure affect this substantially from one country to another. Typically,

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greenfield construction focuses heavily on growth centers. Greenfield construction is also sensitive to interest rates in all regions. In turn, an aging building stock increases the need for renovation. Another key megatrend that affects the growth of the market in both of Koskisen's segments is environmental awareness. For example, increased regulation to reduce emissions supports the use of carbon-binding wood products. Responsibility issues becoming more common should also increase the use of wood in furniture as a more responsible and sustainable option

Construction is one of the most resource-intensive industries and is estimated to generate up to 30% of global carbon dioxide emissions. Thus, material choices are a large source of emissions, and at the same time, changes in material choices have an impact on climate change issues as a whole. In this context, Finland and the EU have set significant targets and regulations that support carbon-negative wood construction and thus also the demand outlook for the Sawn Timber Industry. However, we feel the trend has been rather slow in recent years, as several countries have been plagued by acute economic problems and have drawn attention to themselves rather than to climate issues over a longer period.

The market grows slowly over time

Global demand (i.e. volume) for softwood sawn timber is expected to grow by an average of 2% per year from the 2021 level until 2030. However, the phase of the construction cycle clearly affects the pace, and we believe growth has not materialized in 2022-2025. The softwood sawn timber market is expected to grow, especially driven by the growth in construction volumes and environmental benefits. According to AFRY's market survey, growth in

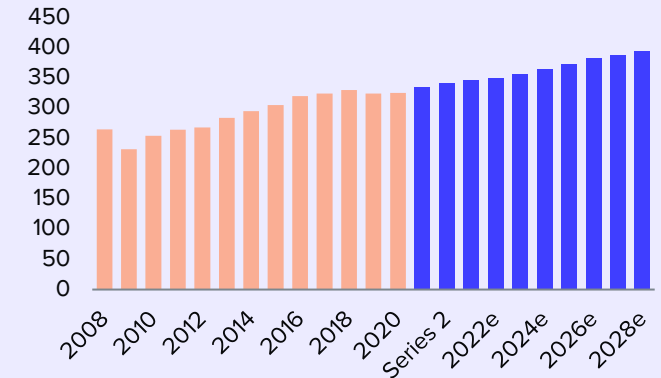
2021-2026 is divided so that volumes grow by 1.3%, prices by 2.8%, and summarized annual value growth would be around 4.1%. However, we expect that the realization of the price component depends on the competitive situation and the cost level of the industry, while in terms of volumes, an estimate that corresponds with the historical level is more reliable over time. However, in individual years, market growth may differ significantly from the long-term expected value.

Recent years have been turbulent on the markets

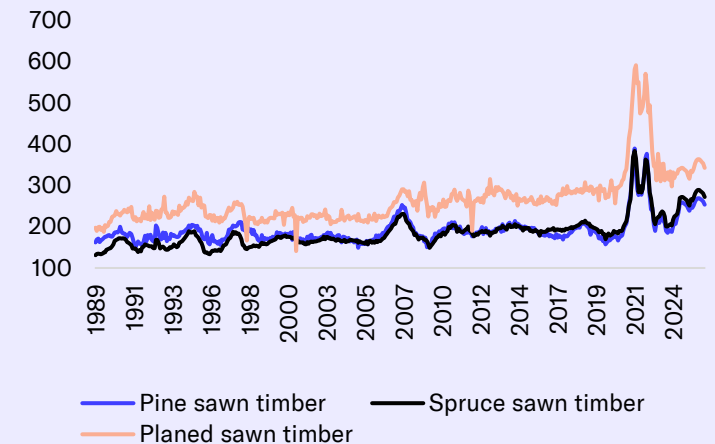
The consequences of the COVID pandemic (e.g. lower interest rates and consumers' renovation enthusiasm) and inflation that erupted after the acute stage of the pandemic (incl. Russia's war of aggression against Ukraine) have swayed the global market prices of sawn timber historically drastically in recent years. During 2021-2022, the price of softwood sawn timber rose to completely exceptional levels of EUR 400 per cubic meter before falling by tens of percentage points during H2'22 and 2023. The drop in prices was affected in particular by weaker underlying demand and high inventories.

According to the latest data from the Finnish Forest Industries Federation, the average export price of spruce sawn timber was EUR 250 per cubic meter. The level is still higher than the long-term average (good EUR 200/cubic meter), but also the producers' cost level, which has risen with inflation in recent years (especially wood), significantly exceeds the long-term average in several countries. As a result, many sawmills' record earnings for 2021-2022 quickly changed at the EBITDA level to loss-making levels during 2023. In the sawn timber market, the 2024-2025 market situation has been characterized by subdued

Volume of global demand for softwood sawn timber (excl. Russia and Belarus, million m3)*



Price development of sawn timber, exports, EUR/cube



Source: Inderes, Natural Resources Institute Finland, Koskisen, Customs

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demand, low average prices, high cost levels, and profitability problems. In Finland, the varying speed of the end product and raw material market cycles is even more pronounced and has severely impacted the profitability of sawmills.

Competitive dynamics

Due to several product groups, the global nature, and the capital intensity of the Sawn Timber Industry, the competition faced by the unit in the market is fragmented. The competitive environment varies by product group, from international players and foreign competitors operating in local markets to local domestic competitors. Thus, Koskisen's Sawn Timber Industry has hundreds of competitors from a bird's-eye view, but the number of competitors in individual markets and individual customers is, naturally, significantly smaller.

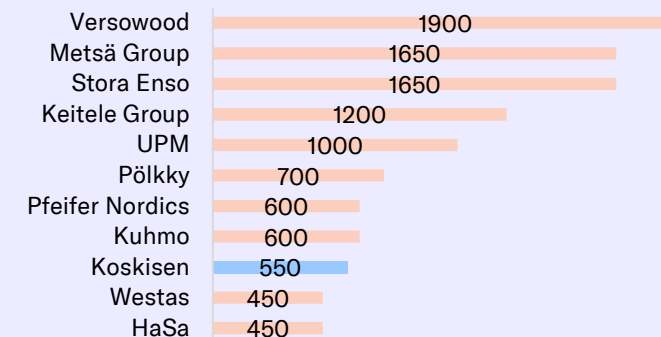
In our view, the most important competitive factors in the industry are volume, price competitiveness, quality, finding the right target markets, security of supply, and sales and customer relationship management. In addition, local changes in raw material availability and prices, as well as exchange rates, may temporarily or permanently alter the relative positions of different actors. Energy and logistics costs and prevailing tax and subsidy policies have also impacted the relative competitiveness of players in the sector. We believe it is difficult to achieve a long-term lead in the industry with technology, as the most modern technology in the industry is well established and IPRs are in the hands of equipment suppliers. However, maintaining competitiveness requires periodic investments in sufficiently modern technology. Koskisen's key competitors

are, in addition to Finland, found in Sweden, Central Europe (incl. Germany, the Czech Republic, Austria) and Canada. Thus, especially changes related to local raw wood markets and currencies should not be underestimated from the point of view of competitiveness, while the end-product market is largely similar for everyone. Russia was also a major competitor before the war of aggression started in Europe, but now the country is out of the markets in Europe relevant to Koskisen, excluding sanctions leakage. In faraway markets, Russian sawn timber is, of course, competing with Koskisen.

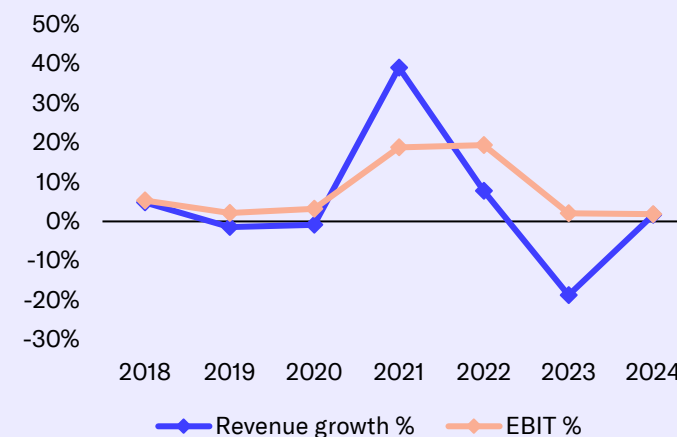
However, when it comes to the end product market, it should be noted that changes occurring outside the core market of an individual company may cause spillover effects. For example, Koskisen does not sell sawn timber to North America, as it would be difficult for the company to reach the right quality-conscious customers in a competitive and wholesale-driven market. Changes in demand in the large US market or, e.g., tariffs, can affect global product flows and thus indirectly affect the demand/supply dynamics of Koskisen's core markets.

The US has long had tariffs in place on Canadian sawn timber, and these tariffs further increased as President Trump tightened trade policy during 2025. A 10% tariff is currently in effect for European imports, so the relative position of European companies has improved in the US market compared to Canadian companies. However, US tariffs have not yet had a radical impact on the European or Japanese markets, given the prevailing sluggish demand environment. Due to the global nature of the business, the effects of trade barriers can be unpredictable, so the situation can change quickly.

Sawmill capacity in Finland



Growth and sustainability of Finnish private competitors¹



Source: Inderes, Koskisen prospectus, AFRY's market research

¹Koskisen production capacity after the completion of the new Järvelä unit and additional capacity

Sawn Timber Industry 7/7

We estimate that the tightening timber market situation has weakened Finland's relative competitiveness after the war of aggression started by Russia, while the Swedes have benefited from a weak SEK. Similarly, Central Europe experienced significant pest problems in the 2010s, which led to an increased supply of raw material, improving short-term competitiveness in recent years. This, in turn, created longer-term risks for Central European production and competitiveness, which have begun to surface, and the situation could worsen if the construction cycle recovered rapidly. Similarly, Canadians are dependent on US exports, and Canada has also faced raw material challenges. In many areas (incl. Finland), sawmills have also invested their huge 2021-2022 profits in capacity development, which we suspect will increase competition (new plants) and, on the other hand, have streamlining effects in the long run (the weakening position of players who have not made investments).

Hot to cold

The Sawn Timber Industry is a business with slow growth, few opportunities for product differentiation, and on average, low margins due to the fragmented supply structure. The fluctuation in profitability between the years can be significant due to cyclicalities. The median EBIT margin of companies (n=28) in the Finnish sawn timber industry (incl. pine sawn timber, which is cheaper than Koskisen's spruce sawn timber), which is the key metric for Koskisen's Sawn Timber Industry, has been around 4% in 2017-2023, whereas in 2024 the figure was 2% (see next page). In 2025, the development of the entire industrial sector in Finland continued to be weak.

No information is available on the profitability of the sawmill units of large forest groups, as they are reported either as part of the pulp business and/or include other wood products. It is also difficult to find clearly comparable benchmarks in the international competitor field. However, we believe the low average basic profitability of the sawn timber industry also affects larger and international companies in the sector.

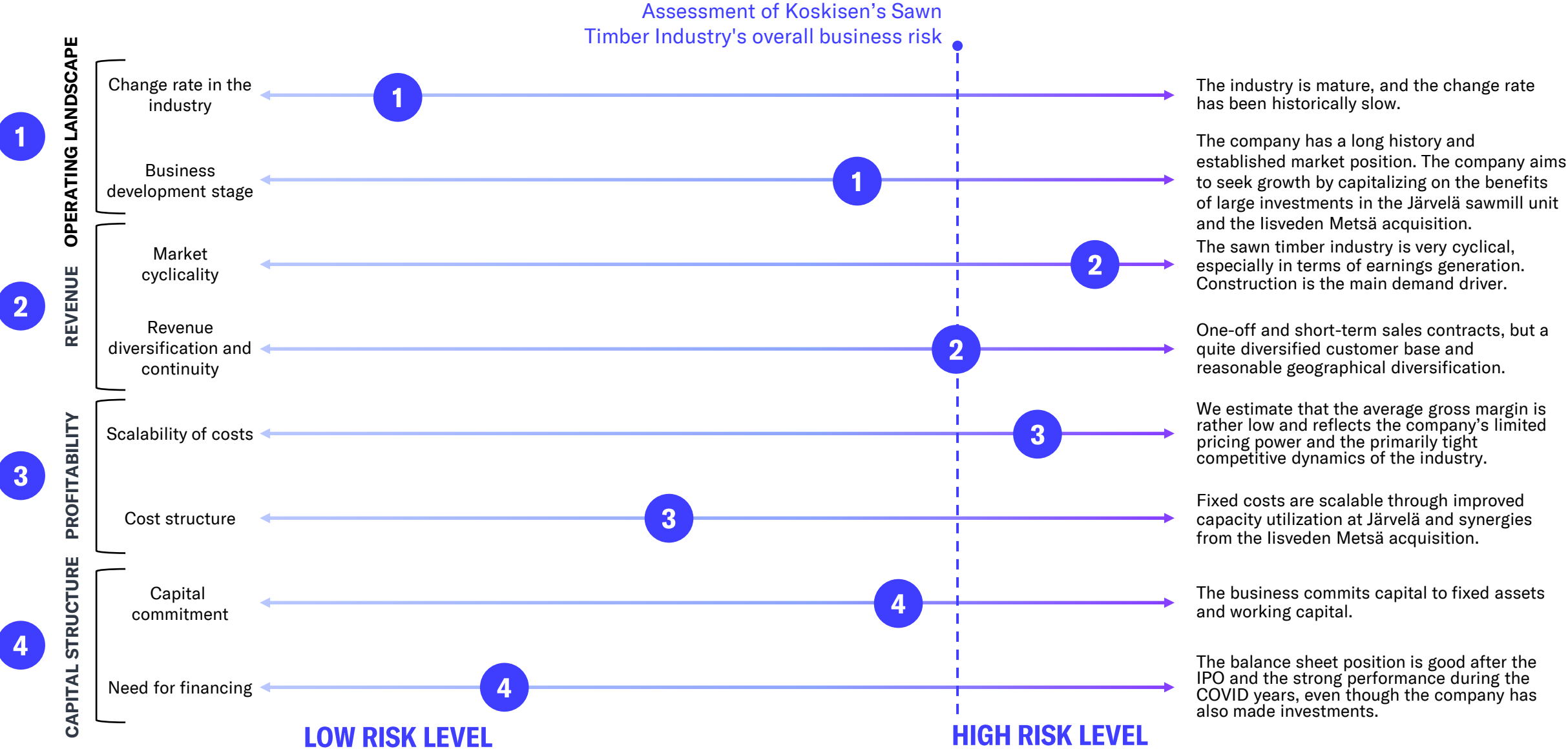
We feel history is an indicator of the future profitability of the sector

We feel there have not been any significant structural changes in the long-term dynamics of the industry for the Finnish sawn timber industry, despite the strong price-driven fluctuation in profitability, since, with growing demand, the supply has also increased and become more efficient as many sawmills have reinvested recent profits in their business. The cost level has also increased. Thus, we believe it is likely that the profitability levels of Finnish sawmills will reflect somewhat longer-term potential also in the future, at least over time. However, company-specific differences can be large, and in the short term, changes in the macroeconomic situation, changes in trade flows caused by tariffs, the end of the war in Ukraine, and the possible reconstruction of Ukraine could alter the dynamics for a longer period. The overall effects caused by the latter factors can also be unpredictable.

Development of the revenue and profitability of Finnish sawn timber industry operators in 2017-2024

Revenue growth %	2017	2018	2019	2020	2021	2022	2023	2024	EBIT %	2017	2018	2019	2020	2021	2022	2023	2024
Small and medium sized competitors									Small and medium sized competitors								
FMTimber Oy	-3.7 %	18.4 %	-3.5 %	85.4 %	-4.1 %	-48.0 %	44.7 %		FMTimber Oy	1.3 %	7.4 %	3.1 %	2.8 %	20.2 %	13.8 %	-7.7 %	-1.0 %
Haka-Wood Oy	11.6 %	3.8 %	3.2 %	31.7 %	36.3 %	-8.5 %	-10.1 %		Haka-Wood Oy	3.9 %	9.6 %	9.8 %	4.1 %	10.7 %	31.4 %	16.9 %	6.4 %
Iisveden metsä Oy	3.7 %	-3.2 %	3.3 %	66.5 %	8.2 %	-16.5 %	0.4 %		Iisveden metsä Oy	2.4 %	3.1 %	2.8 %	2.0 %	22.1 %	12.3 %	-1.9 %	10.3 %
Isojoen saha Oy	14.4 %	-6.7 %	-3.6 %	61.1 %	5.5 %	-15.2 %	2.4 %		Isojoen saha Oy	3.2 %	9.3 %	3.4 %	4.0 %	25.0 %	22.2 %	3.8 %	-0.7 %
Jet-puu Oy	0.0 %	4.9 %	-0.9 %	33.2 %	-7.2 %	-52.6 %	33.3 %		Jet-puu Oy	4.6 %	3.6 %	2.0 %	3.6 %	14.5 %	15.5 %	-9.8 %	4.9 %
JPJ-Wood Oy	4.1 %	-28.7 %	22.1 %	77.3 %	-0.1 %	-12.1 %	-8.2 %		JPJ-Wood Oy	5.0 %	4.3 %	-4.8 %	9.8 %	24.8 %	24.8 %	4.7 %	-2.8 %
Junnikkala Oy	0.8 %	4.8 %	3.0 %	49.1 %	2.4 %	-18.3 %	39.8 %		Junnikkala Oy	1.8 %	6.1 %	1.7 %	3.2 %	25.5 %	22.1 %	2.8 %	-1.6 %
Kinnaskoski Oy	5.3 %	-1.5 %	1.1 %	36.8 %	14.5 %	-20.9 %	0.9 %		Kinnaskoski Oy	3.0 %	6.2 %	5.5 %	4.4 %	18.8 %	21.3 %	5.5 %	-1.3 %
Kouvolan saha Oy	-13.4 %	-14.4 %	-63.8 %	91.2 %	13.4 %	-43.8 %	-1.1 %		Kouvolan saha Oy	-3.3 %	2.7 %	-12.6 %	-15.9 %	20.3 %	29.0 %	-0.1 %	4.4 %
Lapuan saha oy	10.8 %	3.4 %	8.6 %	24.5 %	4.6 %	-52.1 %	17.5 %		Lapuan saha oy	-3.3 %	2.9 %	0.8 %	2.3 %	24.3 %	19.3 %	5.3 %	4.0 %
Luopajarven Saha Oy	19.8 %	-13.6 %	-13.1 %	38.0 %	21.3 %	-30.3 %	-5.7 %		Luopajarven Saha Oy	-0.4 %	2.6 %	2.1 %	-4.8 %	16.8 %	19.3 %	2.9 %	2.0 %
Luvian Saha Oy	-0.3 %	-3.0 %	-8.5 %	54.7 %	1.9 %	-18.1 %	2.8 %		Luvian Saha Oy	3.3 %	8.0 %	4.6 %	6.3 %	27.7 %	21.7 %	5.1 %	0.2 %
Mäntsälän Saha Oy	9.7 %	9.5 %	27.3 %	19.3 %	44.2 %	-36.4 %	7.1 %		Mäntsälän Saha Oy	3.9 %	6.0 %	6.1 %	4.9 %	5.3 %	5.2 %	3.9 %	3.2 %
Misawa Homes of Finland	-0.1 %	-11.3 %	-12.8 %	39.0 %	0.0 %	3.1 %	-12.0 %		Misawa Homes of Finland	2.2 %	1.2 %	2.1 %	1.4 %	0.9 %	0.9 %	2.0 %	-2.0 %
Multian Saha Oy	5.6 %	4.3 %	-2.8 %	11.3 %	36.2 %	-20.8 %	-7.7 %		Multian Saha Oy	3.0 %	2.4 %	2.6 %	-1.5 %	10.5 %	24.8 %	-1.0 %	7.5 %
Orasko Oy	63.1 %	9.9 %	20.6 %	14.8 %	-19.1 %	-0.4 %	27.7 %		Orasko Oy	1.9 %	1.4 %	1.8 %	2.5 %	2.0 %	3.7 %	2.6 %	6.3 %
Sahakuutio Oy	-10.6 %	23.0 %	-4.3 %	50.5 %	17.4 %	-17.2 %	-34.6 %		Sahakuutio Oy	3.4 %	3.3 %	0.3 %	3.0 %	15.9 %	17.2 %	-0.2 %	0.9 %
Södra Wood Finland Oy	12.8 %	-13.0 %	4.7 %	57.5 %	2.8 %	-21.6 %	-11.6 %		Södra Wood Finland Oy	7.1 %	9.7 %	-3.3 %	7.4 %	40.5 %	24.7 %	1.9 %	-2.6 %
Veljekset Vaara Oy	7.2 %	-9.8 %	24.4 %	28.4 %	3.2 %	-16.3 %	-5.8 %		Veljekset Vaara Oy	5.0 %	6.6 %	5.5 %	5.4 %	17.6 %	12.5 %	-2.1 %	3.2 %
Vuokila Wood		19.8 %	5.3 %	85.4 %	31.6 %	-48.8 %	7.4 %		Vuokila Wood		5.3 %	7.8 %	8.9 %	14.1 %	12.7 %	11.8 %	-7.5 %
Ålands Skogsindustrier Ab	-1.0 %	48.8 %	-12.9 %	-4.2 %	7.8 %	-	-		Ålands Skogsindustrier Ab	2.9 %	8.0 %	1.4 %	5.0 %	9.2 %	10.4 %	4.1 %	4.2 %
Bigger competitors									Bigger competitors								
Kuhmo Oy	5.2 %	-1.4 %	-7.4 %	44.5 %	-0.5 %	-19.1 %	23.2 %		Kuhmo Oy	1.5 %	8.2 %	2.6 %	1.6 %	26.0 %	19.8 %	-3.0 %	0.2 %
Westas Group Oy	4.4 %	-0.2 %	-6.7 %	26.9 %	17.4 %	14.3 %	13.7 %		Westas Group Oy	0.8 %	0.6 %	0.9 %	-0.5 %	-1.2 %	0.3 %	1.5 %	1.8 %
Haapajarven Ha-Sa Oy	15.7 %	-8.7 %	-2.6 %	60.4 %	8.4 %	-24.1 %	17.0 %		Haapajarven Ha-Sa Oy	2.8 %	10.8 %	2.8 %	3.3 %	27.0 %	21.6 %	1.8 %	3.3 %
Keitele Timber Oy	15.4 %	-0.3 %	4.0 %	32.0 %	31.3 %	-35.7 %	7.7 %		Keitele Timber Oy	4.2 %	7.5 %	3.6 %	0.6 %	18.6 %	40.2 %	3.4 %	4.4 %
Versowood	3.8 %	-9.9 %	31.5 %	41.1 %	-22.7 %	-4.8 %	0.0 %		Versowood	5.5 %	4.8 %	0.4 %	8.5 %	28.8 %	8.2 %	1.9 %	1.8 %
Pölkky Oy	4.1 %	-7.0 %	-3.5 %	-4.5 %	48.9 %	-14.7 %	-11.9 %		Pölkky Oy	1.8 %	5.3 %	0.3 %	-0.4 %	21.2 %	17.7 %	-21.1 %	-7.5 %
Median (total)	4.8 %	-1.4 %	-0.9 %	39.0 %	7.8 %	-18.7 %	1.7 %		Median (total)	3.0 %	5.3 %	2.1 %	3.2 %	18.8 %	19.3 %	2.0 %	1.8 %
Average (total)	7.2 %	0.7 %	0.5 %	42.7 %	11.2 %	-22.3 %	5.3 %		Average (total)	2.6 %	5.5 %	2.0 %	2.7 %	18.0 %	17.5 %	1.3 %	1.6 %

Risk profile of Koskisen's Sawn Timber Industry



Acquisition of Iisveden Metsä

Integration of Iisveden Metsä acquisition into Koskisen's business model

Expanding wood procurement

The integration of Iisveden Metsä's wood procurement into Koskisen increased the company's wood procurement volume by over 25% and expanded its geographical area to Savo

Optimizing sawmill production

Two production plants enable the optimization of product categories and batches, and thus better profitability

Improving geographical sales coverage

The Iisveden Metsä acquisition strengthened Koskisen's market position, especially in the Italian and Japanese markets

Revenue and EBITDA growth, and moderate valuation

Koskisen's own acceptable valuation level is moderate, which limits the company's ability to pay high multiples for acquisition targets to create value through such arrangements

Inderes' comments on the acquisition

- By expanding wood procurement to North Savo, Koskisen can procure more birch logs than before, which in turn enables the Panel Industry to increase its capacity with a 3-year investment program.
- The company can achieve economies of scale in wood procurement thanks to volume growth.
- The availability of affordable raw materials is one of the most important competitive factors in both businesses, so the role of wood procurement as the backbone of the businesses is significant
- In the Sawn Timber Industry, long production runs of similar products generally support relative profitability, and the production entity of two sawmills allows for more flexible allocation of production runs to production lines, considering the characteristics of the production lines and the availability of raw materials
- Having two saw lines provides Koskisen with delivery reliability, although the Järvelä production unit, which is significantly larger than the Suonenjoki sawmill, plays the main role in the division's overall operations
- Iisveden Metsä's production could also have room for optimization within the unit, which would allow for increasing the volume of the Suonenjoki unit on top of the current fixed cost base
- For example, Italy has traditionally been a strong export country for Iisveden Metsä, while Koskisen has in Europe focused more on the Central European region
- The slightly different seasonality in Southern Europe may also, in the longer term, somewhat balance the seasonality of the business
- Both companies have been active in the Japanese market, but we do not believe they have the same customers in the country, at least not on a significant scale
- We believe a slight increase in Japan's weight in Koskisen's predominantly Europe-driven portfolio is positive from the perspective of the Sawn Timber Industry's risk profile.
- Iisveden Metsä increased Koskisen's revenue, but the acquisition has not yet boosted EBITDA due to the weak economic cycle
- The purchase price (EV) was 22.5 MEUR (excl. receivables and payables), and Koskisen may pay an additional purchase price of 4 MEUR in 2028 if certain conditions related to the price of sawn timber are met
- Calculated from Iisveden Metsä's 2024 figures, the purchase price corresponded to an EV/S ratio of around 0.5x, an EV/EBITDA ratio of 15x, and a P/NAV ratio of 0.9x for Iisveden Metsä's assets
- We consider the purchase price reasonable, but the transaction's value creation requires 1) synergies from sawmill production and wood procurement, 2) growth in the Panel Industry.

Panel Industry 1/7

The main product in the Panel Industry is birch plywood

In the Panel Industry segment, Koskisen manufactures **birch plywood**, i.e. tailored birch plywood boards and floor products for applications requiring high durability and/or high quality such as construction, light and heavy commercial vehicles, packaging, interior design, furniture, and joinery industries. Plywood is produced from thin wood veneer sheets, usually by bonding with weather-resistant phenolic resin adhesive. Plywood boards can be coated with different coatings to improve technical performance and properties to improve their resistance to wear, impact, weathering, and chemicals, as well as friction properties. Coating also increases the value added of the product. The plywood process has several sub-processes, some of which require a significant number of personnel despite automation.

Koskisen's only birch plywood mill is located in Järvelä, just like the sawmill unit. However, it is located in a different plant area than the Sawn Timber Industry production plant. The largest end-user segments of Koskisen's plywood products are the logistics, commercial vehicle and construction industries. Over 90% of the plywood produced by Koskisen is exported to EU countries and Great Britain, so Central Europe is the main market for the Panel Industry. We estimate that the plywood business involves only minor currency risks. We estimate that the share of birch plywood in the Panel Industry's revenue was around two-thirds during the last year.

Other product segments include chipboard, thin plywood, birch veneer, and Kore products

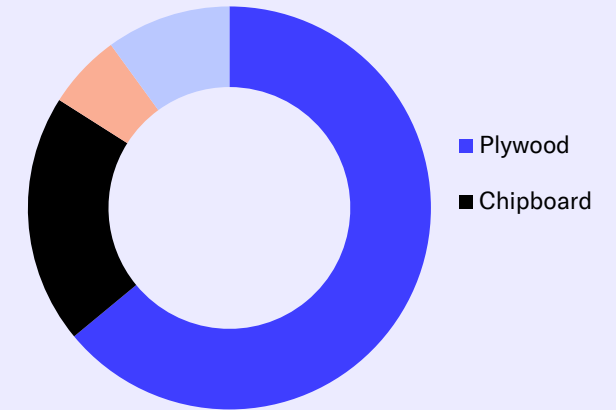
In addition to plywood, Koskisen manufactures **chipboard** from sawdust and wood chips, which are by-products of

production, at the Järvelä plant in the same plant area as the birch plywood mill. The unit is the only chipboard factory in Finland. Chipboard is manufactured with tailored dimensions and the largest end-user segments are the furniture and construction industries. We estimate that some 75% of the chipboard produced by Koskisen is sold in Finland and the remaining 25% is exported to Europe. The estimated share of chipboard was approximately 20% of the Panel Industry's revenue last year. We believe Koskisen's birch plywood and chipboard capacity in Järvelä covers most of the unit's 175,000 cubic meters capacity

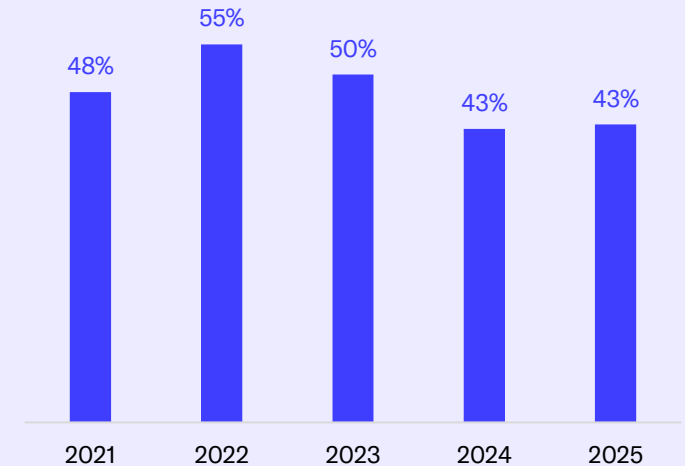
In Hirvensalmi, the Panel Industry also manufactures durable and flexible **thin plywood** and **birch veneer** suitable for laser cutting, molded products, designer products, interior design elements, lamps, technical structural boards, and CNC machining. The largest end-users of Koskisen's thin plywood and veneer are the furniture and joinery industries. Thin plywood and veneer accounted for good 5% of the Panel Industry's revenue last year.

The final product segment in Koskisen's Panel industry is interior solutions for light and heavy commercial vehicles manufactured under the Kore brand in Toporów and Skwieżyna, Poland. The solutions include floor and lining components, wheel arches and accessories. Kore is a refined and capital-light growth business for Koskisen, and the company invested around 3 MEUR in expansions in Toporow during 2024. In 2025, the investment was ramped up, and we believe Kore's business grew significantly during the year. Kore products accounted for approximately 10% of the Panel Industry's revenue last year. Thin plywood, birch veneer and Kore products are also mainly sold in Europe. Due to the small size of the Kore business, Koskisen's currency risks associated with PLN are small.

Estimated* revenue breakdown for the Panel Industry



Panel Industry's share of revenue



Source: Inderes, Koskisen
*Inderes' estimate

Panel Industry 2/7

The Panel Industry is, in principle, a more stable business than the Sawn Timber Industry

Some half of the customers in the Panel Industry comprise the logistics sector (incl. light and heavy commercial vehicles) and one-third the construction sector. Thus, the Panel Industry is less dependent on construction than the Sawn Timber Industry and partly for this reason, it is a less cyclical industry. The Panel industry is affected by general economic development, especially through the investment cycles of the logistics sector, and, thus, some cyclicity is also reflected in earnings. In addition, changes in inventories in the value chain can create fluctuations in the business even with long delays (i.e. the entire value chain is long).

Construction seasons and the production shutdowns of the business affect seasonal revenue accumulation. We estimate that demand is slightly more focused on the start of the year than in the Sawn Timber Industry, while Q3, in particular, is very quiet for Koskisen due to its own production shutdowns and the Central European holiday season in August. Overall, however, in the Panel industry, the demand in the logistics sector is more stable than in the Sawn Timber Industry, which naturally balances the revenue development at the Group level as well.

Direct sales ties hands to the sales organization

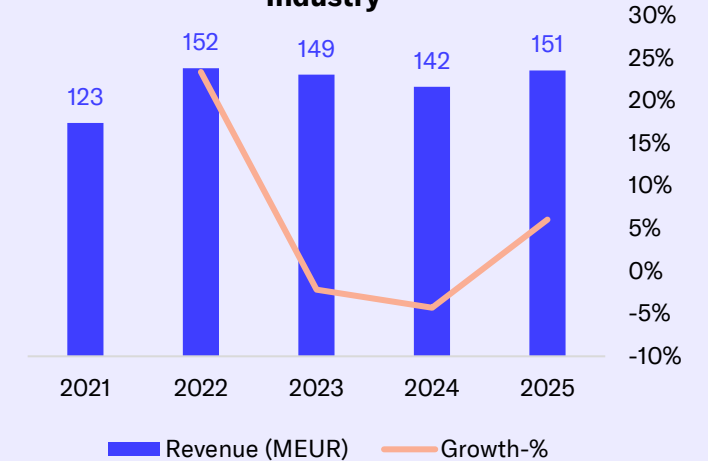
We estimate that the largest customers of the Panel Industry can roughly account for a double-digit percentage of the business area's revenue, but in absolute numbers, there are many customers and sales also to small customers. Koskisen mainly sells its panel products through direct sales. We estimate that 70-80% of plywood and chipboard sales are direct sales to customers. In addition, a smaller share (Inderes' estimate 20-30%) is sold to wholesalers and

distributors. According to the company, sales to smaller customers is managed through distributors and wholesalers, while the largest customers are served by direct sales.

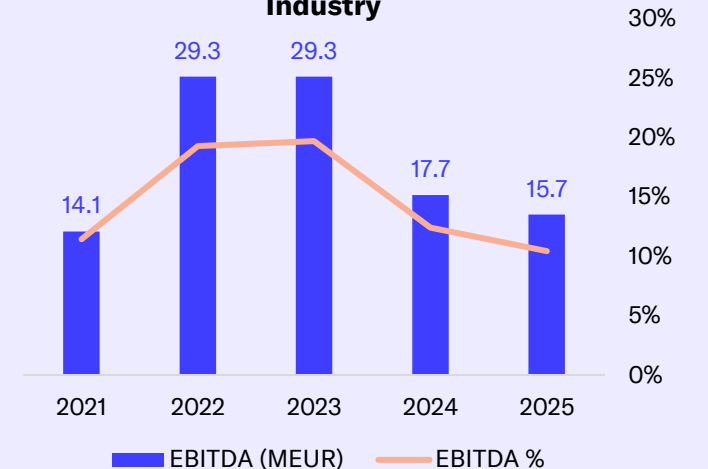
In the Panel Industry, direct sales is a strategic choice, as direct sales allows the company to obtain higher margins (the margin taken by the distributor/wholesaler remains with the company) compared to sales to wholesalers and distributors. In addition, direct sales enable a deeper understanding of customer needs and the ability to respond to them and changes in needs on the back of a customized product range (e.g., coatings). In the Panel Industry, the commercial vehicle sector primarily requires customized products and is quality-conscious. A proprietary sales network can create a certain level of barrier to entry, at least in the highest value-added segment (vs. the focus of Russian companies that operated without their own sales before the war on the mid- and low-end segments).

In the Panel industry, Koskisen handles its sales directly without agents. In its key markets in Europe, the company has a sales organization and sales support functions, and the domestic sales organization is located in Finland. Also in the Panel Industry, Koskisen tries to separate itself from its competitors in the eyes of the customer as a reliable, long-term partner by offering products manufactured from durable wood originating from responsibly managed Finnish forests to its quality-conscious customers, especially in Europe. We believe this customer value proposition and focus on quality are sensible choices, as we do not believe Koskisen has a sustainable cost advantage in the Panel Industry in international comparison either. Instead, it faces a cost disadvantage due to the tight situation in the Finnish birch log market and relatively high wage levels.

Revenue and growth of the Panel Industry



EBITDA and EBITDA % of the Panel Industry



Panel Industry 3/7

Pricing models

In Koskisen's Panel Industry, customer contracts are typically order-specific. Prices of products are set according to market standards and negotiated on a per-customer basis. The company has invested in value-based sales, as its flexible product lines enable product development and customized products, and thus customer-specific solutions. Due to customer-specific product needs, there are no guiding global or regional market prices for plywood.

Pricing is done quarterly, so the demand and price levels for the upcoming quarter are probed in the ongoing quarter. The pricing cycles in the Panel industry have been longer in history, but today pricing is quarterly also in this segment. We believe Koskisen strives to avoid longer volume commitments in sales contracts, especially when the Russian supply is excluded from the European panel market. In this turbulence, movements in the end product and raw material markets can be strong, which does not support long-term financial commitments.

Despite the one-off transactions in the Panel Industry and the short pricing cycle, Koskisen's customer relationships are at best decades long. Thus, the assured visibility of sales is short, although long-term customer relationships create certain continuity and predictable development in demand.

Product development focuses on the Panel Industry

Koskisen aims to develop new solutions to keep up with the development of the wood products industry and maintain and strengthen customer relationships by offering new individually manufactured products to customers. As

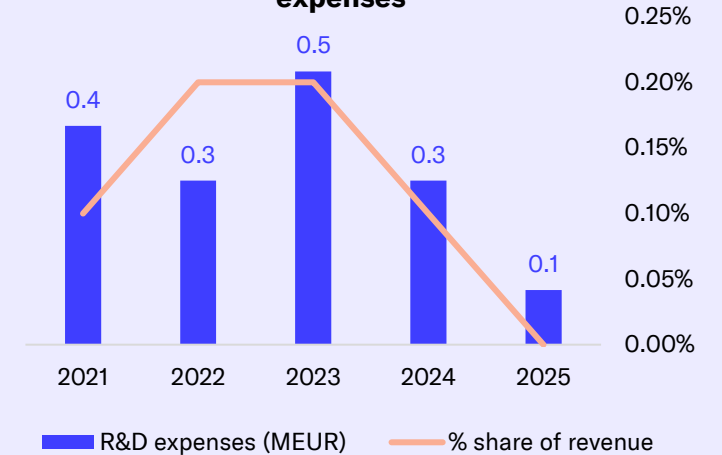
the product characteristics of sawn timber are largely standardized, product development is largely focused on the Panel Industry. However, due to the mature nature of the Panel Industry, the amount of direct R&D investments is low in absolute and relative terms: in recent years, Koskisen has spent under 0.5 MEUR/year as a Group or 0.1% of annual revenue on R&D. In addition, the company naturally has continuous development and testing activities in cooperation with customers, but the related costs are recognized in salaries and other operating expenses.

The aim of Koskisen's product development in the Panel Industry is to focus on solutions customized for customers. The latest example is the Zero construction board, launched by Koskisen, which is a purely natural solution suited to the needs of the construction industry, manufactured from bio-based raw materials (from production side streams). A few years ago, Koskisen launched a similar Zero board for the furniture segment. Zero products can be manufactured to custom dimensions with Koskisen's existing production machines. We find the innovation interesting, but in terms of sales, it is still in its infancy and, therefore, the probability and strength of a larger breakthrough for it are very difficult to assess. The prevailing weak economic situation has also thrown a spanner into the works of commercializing new premium-priced products in recent years.

The birch plywood market is smaller and more local

A majority of the birch plywood market is located in Europe, as birch plywood has traditionally been used in the region instead of other panel alternatives. In the past, the market has grown steadily, driven by the growth of the transport

The Group's product development expenses



Panel Industry 4/7

and construction sectors. So, this is clearly a smaller and more local market than the large global sawn timber market. The value added of birch plywood is also significantly higher than for sawn timber, so the raw material does not dominate the cost structure in the same way as in the sawmill industry, but the role of other raw materials and personnel efficiency (i.e., the degree of production automation) is also significant. Product differentiation and quality competition are easier in the Panel Industry than in the Sawn Timber Industry, but in the big picture, we also profile the plywood business as a volume-driven business.

According to AFRY's market survey, the value of the global birch market was estimated to be 3.1 BEUR in 2021, of which 66%, or over 2 BEUR, is considered an addressable market for Koskisen (cf. Koskisen is not, e.g., involved in the large LNG segment, which is difficult to operate without several factories). We estimate that since then, the market has grown, driven especially by price increases, but on the other hand, insufficient supply has forced customers to seek alternative solutions and reduced demand, in addition to the weak economic situation, at least in EU countries. The growth drivers of the birch plywood market are expected to continue to be the growth of the logistics and construction sectors.

The market grows slowly

According to AFRY's market survey, demand in the birch plywood market is expected to grow by 2.3% per year in 2022-2030. According to the market survey, growth in 2021-2026 would be divided so that volumes grow by 2.5%, prices by 1.7% and value by some 4.2% per year. However, we expect that the realization of the price

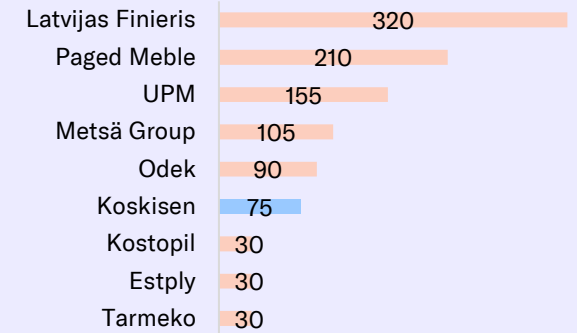
component depends on the competitive situation and the cost level of the industry, while in terms of volumes, an estimate that corresponds with the historical level is more reliable, even though we do not believe that the volume grew at the rate estimated for 2021-2025, but rather decreased in a supply-constrained market. However, in the big picture, the birch plywood market grows slowly over time.

However, it is worth noting that over 90 % of the plywood produced by Koskisen is exported to EU countries and the UK. Therefore, the competitive dynamics of this segment are rather located in Europe, but the main competitors come especially from Eastern Europe and Finland (Sweden does not produce plywood). The strength of Eastern Europeans lies in lower personnel costs than in the West, while the Baltic countries suffer from a tight timber market, just like Finland. It is also not easy to achieve technological advantage in the plywood industry, as modern production technology is highly available for players with investment capacity.

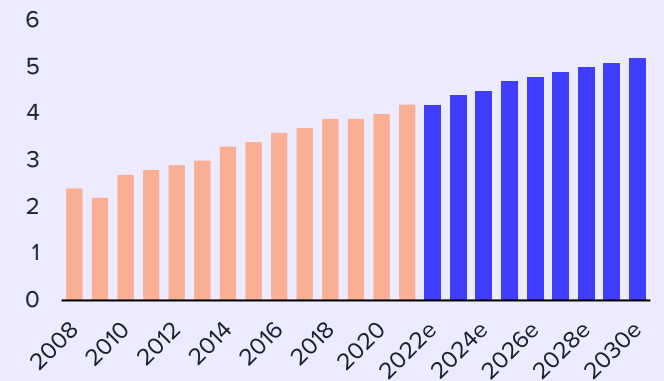
In the birch plywood market, UPM's plywood business is the largest active producer in Finland, and Koskisen is only third in the Finnish market after Metsä Group (Metsä Wood). UPM Plywood and Metsä Wood also produce softwood plywood driven by the construction sector. Thus, Koskisen cannot flaunt scale advantages, and the company is a rather small player on a market scale.

Koskisen's Panel Industry has generated a 10-20% LTM adjusted EBITDA margin in 2021-2025, while UPM Plywood has generated a 12-25% LTM EBITDA margin for the same period in 2015-2025. However, UPM has done this with roughly ten times the production capacity and, thus with.

Birch plywood capacity in Europe



Volume of global demand for birch plywood (excl. Russia and Belarus, million m3)*



Panel Industry 5/7

significantly higher volumes and resulting economies of scale. In addition, a significant share has been in lower-cost-level countries in Estonia and, until 2022, also in Russia, where profitability has probably been significantly higher than UPM's other plywood mills. Metsä Wood, in turn, has generated an average EBITDA of around 9% in 2016-2024. Among foreign operators, Panel Industry's peer company, the Latvian Latvijas Finieris AS, has generated an EBITDA margin of 6-20% in 2013-2024. We note that Metsä Wood, UPM Plywood, and Latvijas Finieris are not fully comparable with Koskisen. No longer time series is available on the profitability of Koskisen's Panel Industry, so it is not entirely straightforward to estimate the longer-term relative competitiveness of Koskisen in this segment.

Birch plywood prices

Plywood prices have been more stable than sawn timber prices in history, especially in the last 10 years before 2022. We believe this is due to the significantly higher value added of plywood compared to sawn timber. The prices of plywood have also increased during the past 1-2 years at record levels, which has provided strong support for the performance of the Panel Industry, especially in 2022-2023. Sales prices and profitability of the Panel Industry started to rise at the quarterly level immediately after the war broke out, starting from Q2'22, and profitability development was mainly good up to Q3'23, after which the rising price of birch logs, slightly decreased end-product prices, and the weakness of the chipboard segment have impacted profitability.

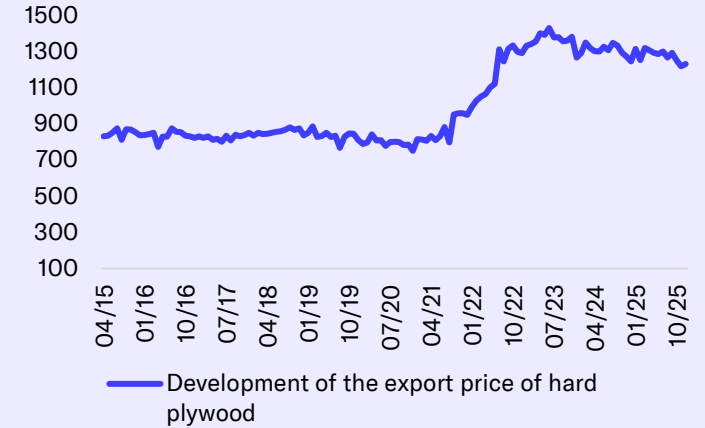
Since the beginning of 2022, the European market has experienced a major supply shortage following sanctions

against imports from Russia, even though European players have tried their best to fill this gap. In the past, Russia was the largest exporter of birch plywood to Europe, accounting at best for up to 60% of Europe's birch plywood supply. In practice, the import of Russian birch plywood to Europe is now prohibited. The sanctions have, of course, leaked through third countries, which the EU has, however, tried to plug on several occasions in 2024-2025. However, we estimate that Europe has adapted to the prevailing situation, as there has been no shortage in the market since the summer of 2024, based on volume and price data. As demand in the logistics sector (i.e., the economy) picks up, the shortage could, of course, return, which should drive up birch plywood prices.

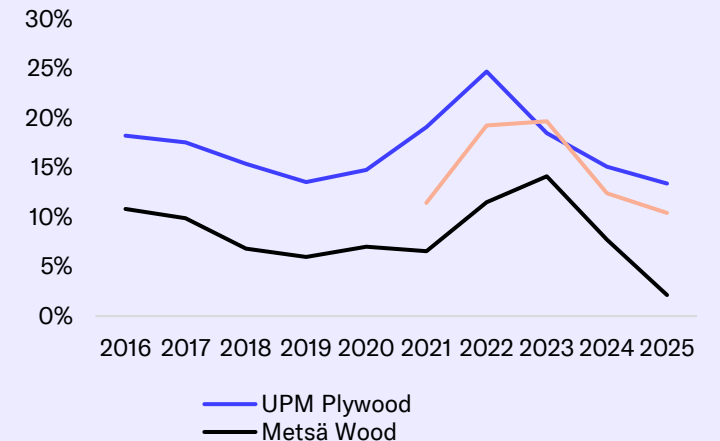
Tightening of the raw material market is also felt in the Panel Industry

Birch logs were imported from Russia to Finland before Russia's war of aggression in Ukraine. The elimination of imports has caused problems in the availability of birch wood, although Koskisen has avoided a direct raw material shortage thanks to active purchasing and increased wood purchases along with sawing volumes (i.e., more birch has been obtained as a by-product). In addition, the lisveden Metsä acquisition has quantitatively increased and expanded wood procurement to the good birch areas of Savo, supporting Koskisen's birch availability from summer 2025 onwards. The company has also tried to use smaller log sizes, relax sorting, and optimize the lathe automation to improve material supply. In our view, birch logs imported from Russia to the factory have not been exceptionally advantageous in terms of costs, at least compared to pre-war log prices. However, birch log prices in Finland have

Price development of birch plywood, exports, EUR/cubic meter



EBITDA % 2016-2025



Panel Industry 6/7

risen significantly since the outbreak of the war, before a dip at the end of 2025, so some of the benefits of the tightening market have flowed to forest owners. This, combined with the weak economic cycle, has also negatively impacted the Panel Industry's profitability development in 2024-2025.

Investment focus has shifted to the Panel Industry

In December 2024, Koskisen announced that it would launch a three-year investment program in the Panel Industry. The investment program runs until the end of Koskisen's strategic period in 2027. The first phase of the investment program was implemented during 2025, and the total value of related investments (incl. individual pieces of equipment for the production process) is approximately 12 MEUR. The entire program will increase Koskisen's plywood production capacity in Järvelä by around 30% to 85,000 m3. The investment program will enable volume growth in the Panel Industry, streamline production and facilitate related internal logistics. The investments to be made will also include the automation of production stages. The investment sum for the entire program was not opened at this stage, but we estimate it to be around 25-30 MEUR cumulatively.

Shifting focus to Panel Industry was an expected move

Koskisen's investments have focused heavily on the Sawn Timber Industry in recent years. In the Panel Industry, despite the prevailing weak economic cycle, the market in Europe (the main market for birch plywood) is severely supply-constrained, with Russian production, which accounted for up to 60% of the supply, largely (i.e. sanction leaking) out of the picture for the time being. In our opinion,

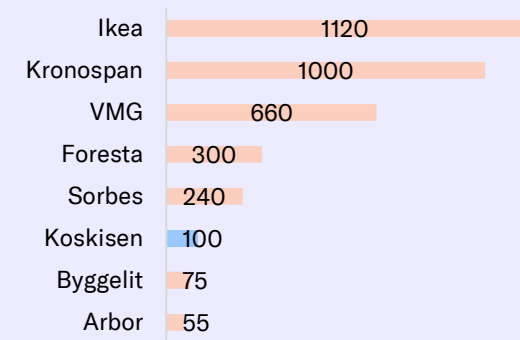
the best estimate so far is that the supply limit will continue in the foreseeable future even if a peace agreement is reached in Ukraine in the next few years. We still note that the recovery of trade between Europe and Russia could have a tangible impact on the birch plywood market, as even Koskisen's customers could use the return of Russian supply as a bargaining chip, even if Koskisen's customized offerings in the upper segment rarely compete directly with Russian plywood, which focuses on lower-quality end-use segments.

This situation, combined with the Lisveden Metsä acquisition and the increased wood procurement volumes in Järvelä, which have made birch log procurement more efficient, warrants an increase in birch plywood capacity, in our opinion. Continuously striving for the top of the quality pyramid is also a key part of Koskisen's competitiveness to which the investment program also aims. In addition, the plywood industry is still labor intensive, especially in certain sub-processes, so investments in automation have the potential to reduce costs. We see the investment program as a logical continuation of Koskisen's growth strategy. We estimate that Koskisen will be able to finance the entire investment program with current cash and cash flow generated by the business, although the total program is likely to be significantly larger than the 2025 allocation.

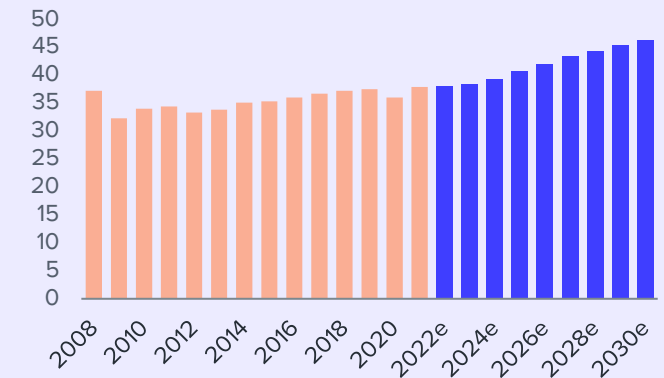
Competition in the chipboard industry comes from outside Finland

Koskisen has a very strong position in the Finnish chipboard segment, as it claims the company has a market share of about 50% in Finland as the only local chipboard supplier. Koskisen is likely to be able to sell its chipboard

Chipboard capacity in Scandinavia and the Baltics



Volume of demand for chipboard in Europe (excl. Russia and Belarus, million m3)*



Panel Industry 7/7

with a price premium, as the product is sustainably manufactured and the delivery time in Finland is fast. In addition, the high market share should help the Panel Industry maintain the price level of chipboard in Finland, as the company can control local demand/supply dynamics by adjusting production.

Due to the weak phase of the construction cycle, Koskisen has also limited its chipboard production from the end of 2023, and we estimate that the business' current profitability level is modest. The company has tried to increase export efforts for chipboard, but as a bulky and inexpensive product, chipboard can hardly bear the logistics costs, with the exception of certain higher-quality segments (e.g. Zero). Considering this and the company's high exposure to Finland, we believe that a recovery in the segment's revenue and a satisfactory level of earnings would require a pick-up in the Finnish construction market, even though successful export efforts could support the unit's earnings contribution from the current low level.

Although the current situation in the chipboard segment is cyclically weak due to the struggling Finnish construction industry, in the longer term, chipboard demand is expected to grow by about 2.2% in Europe over the next 10 years, driven by furniture production and the construction industry. We believe this estimate also reflects the growth of the Finnish market over time. Overall, the European chipboard market was estimated to be 11 BEUR in 2021. About 5% of this can be considered a relevant market for Koskisen, as the majority of the market is low-grade, cheap chipboard.

In the chipboard market segment, Koskisen only faces competition from abroad. Geographically, the competitors come particularly from Central Europe. In addition, IKEA is a large chipboard producer but it does not compete directly with Koskisen because it uses most of its production internally. However, we estimate that chipboard production is structurally less profitable for Koskisen than the birch plywood segment due to the lower added value of the end product and competition that keeps pricing in check.

Kore's competitors are small companies

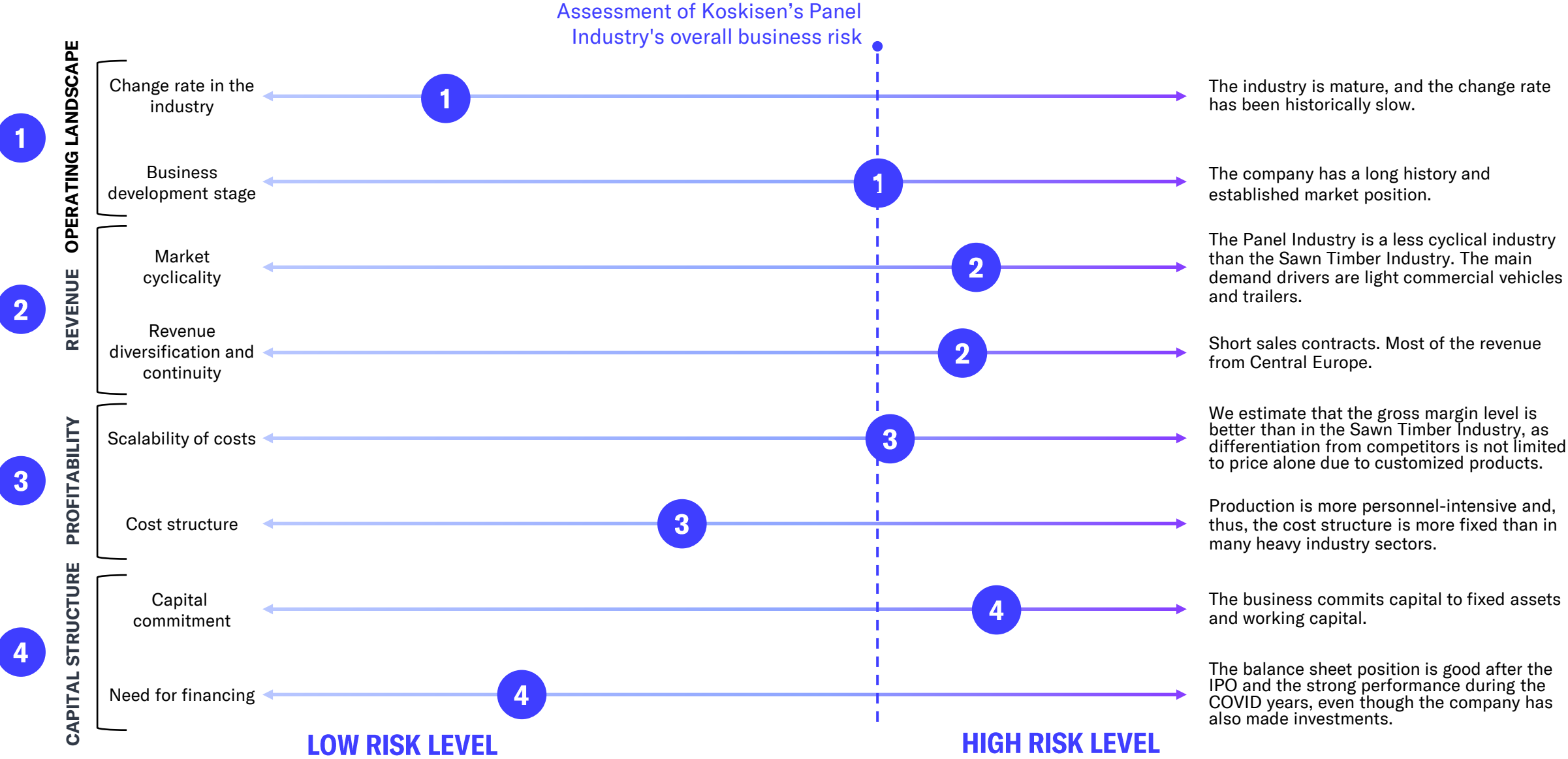
We believe the main competitors of Koskisen's Kore business are small Central and Eastern European companies in the vehicle solutions industry. Unlike Koskisen, most of the competitors do not have own panel production, so they cover a shorter section of the value chain than Koskisen. Instead of own production, competitors buy panels from larger producers and process them into final products.

The driver behind the Kore products is in practice the production volume of light vehicles and trailers. In addition, the company aims to expand the sales of its increased capacity to the train segment. In our view, a key trend in the commercial vehicle market is electrification. Koskisen's solutions are needed in commercial vehicles regardless of the driving power, but Kore's birch plywood-based solutions are lighter than many competing alternatives. This should be some kind of an advantage in electric commercial vehicles that will eventually gain market share. Similarly, the lack of clarity and volatility of EU regulation related to driving power may also harm Koskisen in the

short term, as short-term demand is dependent on the production volume of light commercial vehicles.

As a rule, the relevant market for Koskisen in a niche segment like Kore is small in absolute terms, but we also estimate it to be significant compared to the size of Koskisen's Kore business. Similarly, the growth rate of a small niche market is likely higher than that of a mature market. Similarly, the margin potential in the refining capital-light business is likely lower than in the entire Panel Industry, but on the other hand, the capital committed to the business is moderate due to the light machinery. However, on Koskisen's scale, the impact of Kore's growth on the Group's overall figures is limited for a fairly long time, although we find investing in a capital-light processing segment with good capital return potential to be sensible, given the somewhat capital-intensive nature of the sawn timber and panel industries that dominate the company's portfolio.

Risk profile of Koskisen's Panel Industry



Group's cost structure and financial position 1/5

Wood procurement function and price formation of logs

Raw material purchases are the biggest cost item in Koskisen's balance sheet. We estimate that raw material purchases represent roughly 40% of Koskisen's revenue. The majority of raw material costs consist of raw wood purchases. The price of wood, and thus the purchase of wood, is primarily influenced by the balance between supply and demand on the local Finnish timber market. On the demand side of wood, Koskisen must compete with both centralized wood procurement organizations of large Finnish forest companies and independent sawmills. In Finland, the wood supply, in turn, consists of supply created by private forest owners, the state, municipalities, and other public entities, as well as imports. The balance between supply and demand has been affected, e.g., by the ban on all wood imports from Russia and Belarus in response to Russia's war in Ukraine.

Factors affecting the formation of wood mill prices include, in addition to supply and demand, the costs of harvesting and transporting wood, energy prices, and price differences between timber trees and pulpwood. In addition, on the regulatory side, price formation can be affected by conservation, sanctions and export restrictions. Changes in the conditions for harvesting wood can temporarily impact prices as they can cause temporary wood shortages in local markets, e.g., due to frost heave, forest fire risks, or an increased supply due to storm or pest damage. As a rule, harvesting costs are generally slightly higher during the winter, but typically, standing timber prices in Finland are seasonally at their highest in spring and early summer due to demand-based reasons.

Koskisen buys wood in southern and eastern Finland

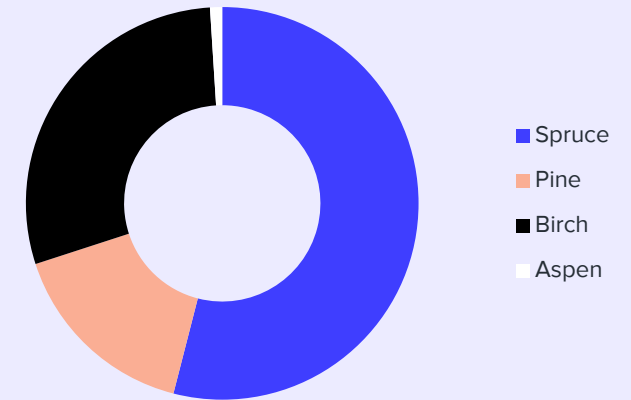
After the Iisveden Metsä acquisition, Koskisen's annual wood procurement capacity is around 1.9 million cubic meters. We estimate that about half of this was spruce, a fifth pine, and about a quarter birch. As a crude rule of thumb, two cubic meters of log wood are needed for one cubic meter of sawn timber. In plywood, the yield varies considerably depending on product characteristics. Koskisen acquires most of the wood from thousands of forest owners in Southern and Eastern Finland.

According to statistics of the Natural Resources Institute Finland, the prices of pine, spruce and birch logs have been about 0-5% higher in Southern Finland than in the statistics for the whole country. Similarly, according to Kymi-Savo (Eastern Finland) statistics, wood prices have been at the same level as the average for the whole of Finland. Thus, in terms of wood procurement, Koskisen's geographical exposure is not optimal, but in exchange for higher purchases in Southern Finland, we estimate that the average transport distances to the mill are mainly within a competitive range of under 150 kilometers. In addition, production focusing on Järvelä is an advantage for end product logistics, as construction focuses on Southern Finland and the main export ports are on the southern coast. This at least partly offsets the company's likely higher-than-average wood purchase price in Finland.

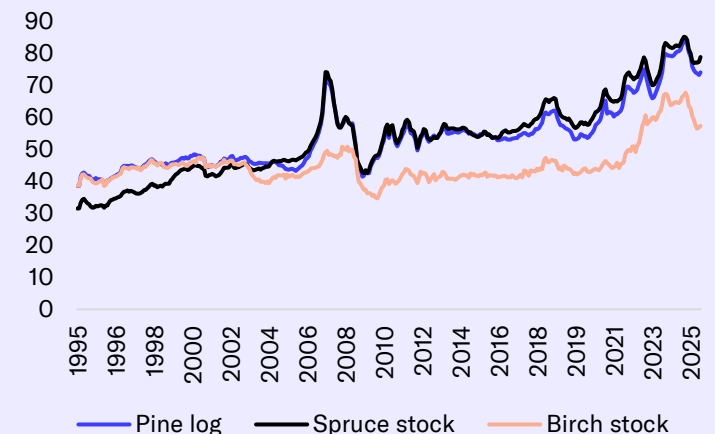
Forest giants' operations in the timber market cause challenges for wood product companies

The partly strategic purchasing of raw wood by large forest companies dominating wood purchasing in Finland plays an important role in generating demand in the timber market

Estimated distribution of wood procured by Koskisen by wood type



Price of standing timber in Finland by month (whole country)



Group's cost structure and financial position 2/5

and thus in price formation. This dynamic is underlined by the fact that the business models and wood sourcing of large forest companies have been optimized from the perspective of the chemical forest industry, which means that it is important for large companies' consolidated results that the price of the key raw material, pulpwood, remains under control. This was also quite successful until the war of aggression initiated by Russia.

In practice, large forest companies may be willing to pay proportionally more for logs (and previously for Russian imports) and even "overpricing". The forest owner's income from wood sales is mainly generated from more valuable logs, even though the majority of the sold volume is pulpwood. These factors complicate the dynamics of the timber market from the viewpoint of companies focusing solely on wood products, like Koskisen. We do not expect this dynamic to change, even though the wood product industry has been trying to challenge the way forest giants operate in the timber market for a long time. After the Russian war of aggression, however, the price difference between timber tree and pulpwood has narrowed slightly on the whole, which in principle is positive for Koskisen.

Compared to a conventional domestic sawmill company, Koskisen has a wider wood sourcing network, as the company also needs birch for plywood production. This, on the other hand, requires relatively more staff in wood procurement and thus generates fixed costs. The company has outsourced harvesting and transport operations to subcontractors (only approximately 12% of revenue). On the other hand, the company benefits from better management of raw material supply. This has also had tangible benefits, as Koskisen has managed to procure enough birch logs to run its production in 2022-2025, despite the very tight supply situation, and to enable the growth of plywood

production starting from 2025. In connection with wood procurement, Koskisen also offers forest owners the benefits of a regular partner and certain services, which we believe is necessary due to sustainability and tight raw material competition.

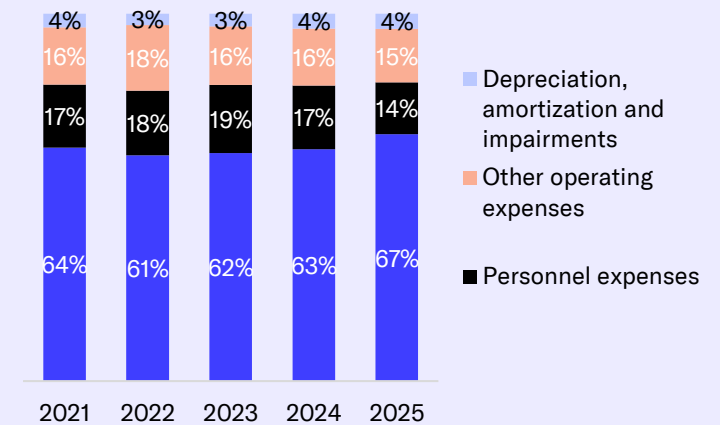
The biggest cost item is materials and services

The largest single item in Koskisen's cost structure is materials and services, in line with the earnings logic, which accounted for some 53-66% of revenue in 2021-2025. As stated, the majority of the company's material costs consist of wood purchases (incl. pulpwood that is resold), coatings and adhesives related to the manufacture of processed timber and plywood, as well as other production materials. This item also includes external services, which comprise services related to wood harvesting, transportation, and machinery repairs.

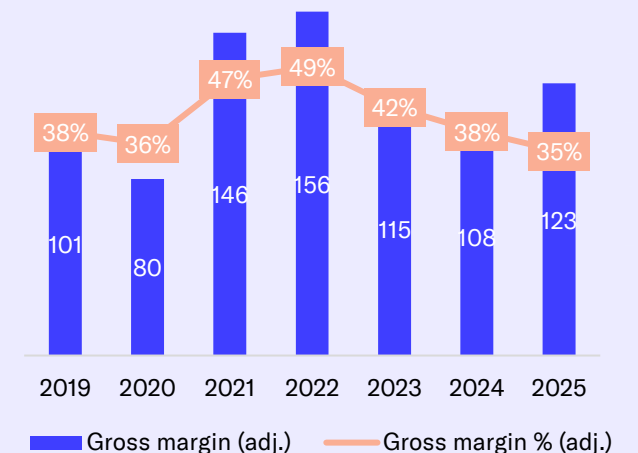
We estimate that material costs are particularly high in the raw material-intensive Sawn Timber Industry, but wood purchases are also the single biggest cost item in the higher value-added Panel Industry. Log costs, i.e. the factory price of the log, can be divided into the following components: price of standing timber, logging costs, transport costs and overheads. The price of standing timber is the highest cost item, but the factory price of a log is still clearly higher than the price of standing timber. In total, Koskisen's costs for materials and services are almost completely variable and therefore unscalable.

In 2021-2025, Koskisen's annual gross margin has ranged between 37-49%. The gross margin percentage is naturally also affected by the revenue level and, as a subcomponent of this, especially sales prices even more than the level of variable costs.

Cost structure
% share of total costs



Sales margin development



Group's cost structure and financial position 3/5

The period under review has been quite good in terms of the gross margin and, hence, the profitability of the company as a whole, as the prices of sawn timber in 2021-2022 and prices of birch plywood in 2022-2023 were very high. Due to changes in the market situation and the increasing relative share of the Sawn Timber Industry, the sales margin has mostly decreased in recent years. Koskisen has not reported business segment-specific gross margins, so it is difficult to accurately assess the figures. However, we estimate that the gross margin profile is lower in the Sawn Timber industry, whereas the margin profile is better in the Panel industry as the final products have a higher degree of processing and thus a higher value. Correspondingly, the Panel Industry is clearly more personnel-intensive than the Sawn Timber Industry. Especially in the Sawn Timber Industry, gross margins are relatively low, and this is influenced by the pricing strategy of each operator and the share of direct sales, although the supply/demand situation and raw material prices ultimately primarily dictate the formation of margins.

Production requires manual labor

Koskisen's second largest cost item is personnel expenses. In 2021-2025, they accounted for 14-17% of revenue. Although the degree of production automation has improved and will improve further with the new Järvelä unit in the Sawn Timber Industry, the business is still quite personnel-intensive, especially in the Panel Industry, which involves several production sub-processes and operates with older capacity on average (i.e., a lower degree of automation), although the launched investment program will improve personnel efficiency in the Panel Industry. Kore's processing business is also personnel-intensive, but Kore's personnel are located in Poland, a country with

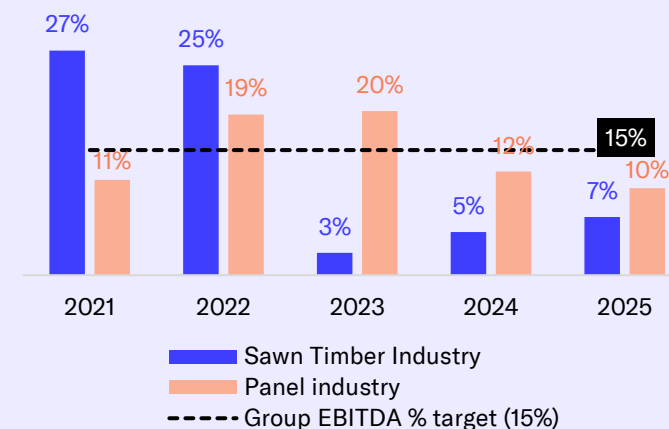
lower wage levels. In addition, the wood procurement function and focus on direct sales tie up personnel resources.

According to our estimates, personnel costs are somewhat scalable as production automation improves. The proportion of expensive shifts (i.e. nights and weekends) should also be clearly lower in the future than in recent history. Personnel expenses are flexible downwards after a certain delay, which is also supported by Finland's flexible layoff possibilities. This, on the one hand, provides a certain flexibility to adjust the cost level in a weak demand environment, although Koskisen has often, even during weaker times, aimed to fill its capacity as a small player in both industries and left the responsibility of maintaining market balance to larger players. This has worked moderately well in the Sawn Timber Industry in 2023-2025, as the unit's profitability has been better than for several key peers.

The role of other expenses is almost equal to that of personnel costs

The share of other operating expenses in Koskisen's business have accounted for some 13-15% of revenue in 2019-2025. The costs mainly include sales freight, handling and delivery costs, and sales commissions to agents, as well as property maintenance costs. In addition to these, conventional administrative costs related to IT, consulting and administrative services. We estimate that electricity accounts for 2-3% of the total costs, so the share is not significant. Koskisen also hedges the price of electricity. The relative share of other costs can be considered highish, albeit a typical level for the industry. We believe other operating costs are mainly fixed and thus scalable.

EBITDA margins for business segments



Group's cost structure and financial position 4/5

The balance sheet ties up fixed assets

Koskisen's non-current assets mainly consist of tangible assets (141 MEUR at the end of 2025), the majority of which are buildings, machinery, and other equipment used in the company's production facilities. The remainder of non-current assets in practice covers a 32 MEUR right-of-use asset, most of which consists of the lease agreement of the Järvelä power plant. Koskinen's balance sheet does not include goodwill (cf a small negative goodwill from the lisveden Metsä acquisition was recognized in earnings), and the share of other intangible assets is also small on the balance sheet. We do not see any write-down risks in Koskisen's long-term assets.

Current assets in the balance sheet at the end of 2025 (142 MEUR) include 62 MEUR in inventories committed to operating activities and 31 MEUR in accounts receivable. Correspondingly, trade payables amounted to 47 MEUR at the end of the review period (incl. interest-bearing trade payables of 7 MEUR from the payment process).

From the point of view of working capital efficiency, the revenue period of accounts receivables has been plus/minus 30 days in the past 3 years, whereas the payment of accounts payable has taken on average 80 days. The revenue period of inventories during the corresponding period has been 40-50 days. The turnover periods for working capital items have been relatively stable historically, except for slower inventory turnover, and we believe the levels of recent years are a fairly relevant starting point for the future as well.

Koskisen offers wood sellers KoskiRaha service, which in practice is a tool for financing the company's accounts payable. If the wood seller wants to postpone the payment

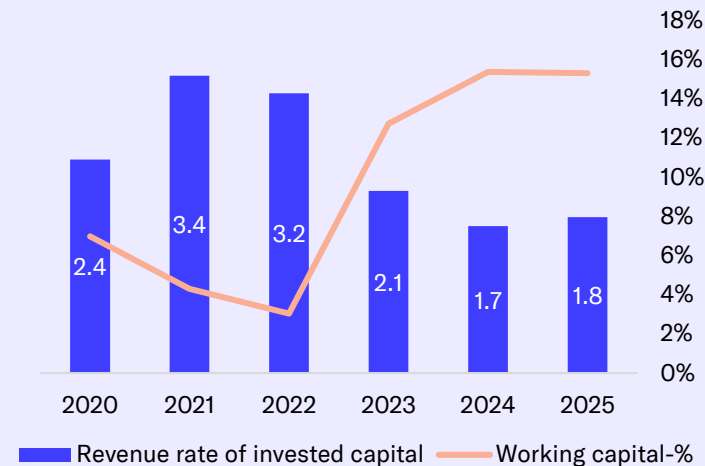
for the wood from Koskisen, the seller receives interest in return for their money. At present, the interest rate is 3.5% for amounts below EUR 20,000 and 4.0% for amounts exceeding EUR 20,000. Interest rates have historically moved in line with market interest rates, and we expect this to continue. However, the size of KoskiRaha is small relative to the balance sheet, and thus its significance for the company's earnings is limited.

The business commits capital to fixed assets

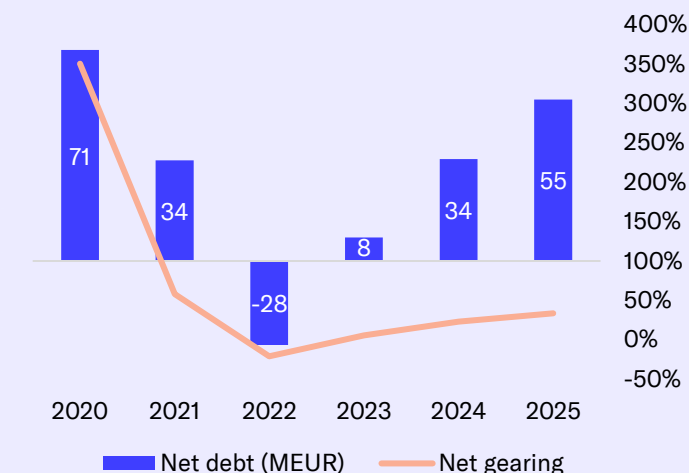
In Koskisen's business, a majority of capital is committed to fixed assets, which is typical for a manufacturing company. The company's fixed assets (incl. right-of-use assets under IFRS 16) accounted for slightly over 50% of the balance sheet at the end of 2025, and these assets have represented almost 50% of annual revenue looking back. Thus, Koskisen's business clearly falls into the category of capital-intensive companies, although due to significant investments in recent years, the balance sheet is likely now slightly more robust than its long-term averages. However, investors should be prepared for investments required to maintain competitiveness and grow the business in the longer term, considering the nature of the business.

In addition to fixed assets, the business ties up operational working capital. Working capital's share of revenue has been around 12-15% in recent years. This consists especially of inventories, as the company's ratio of trade payables to trade receivables has been clearly positive (i.e. trade payables > trade receivables). As a whole, we believe the working capital intensity of the business is on an average level on Nasdaq Helsinki. Thus, growing the business requires investments not only in fixed assets but also in working capital.

Capital commitment



Net debt and gearing



Source: Inderes, Koskisen
*Unaudited

Group's cost structure and financial position 5/5

Robust balance sheet

Koskisen's cash assets on the balance sheet at the end of 2025 were approximately 24 MEUR, thanks to the IPO and the mostly good or moderate earnings performance recently. In addition, we believe around 12 MEUR in financial assets recognized at fair value through profit or loss (current + non-current) are included in financial assets. Thus, Koskisen's liquidity position is good.

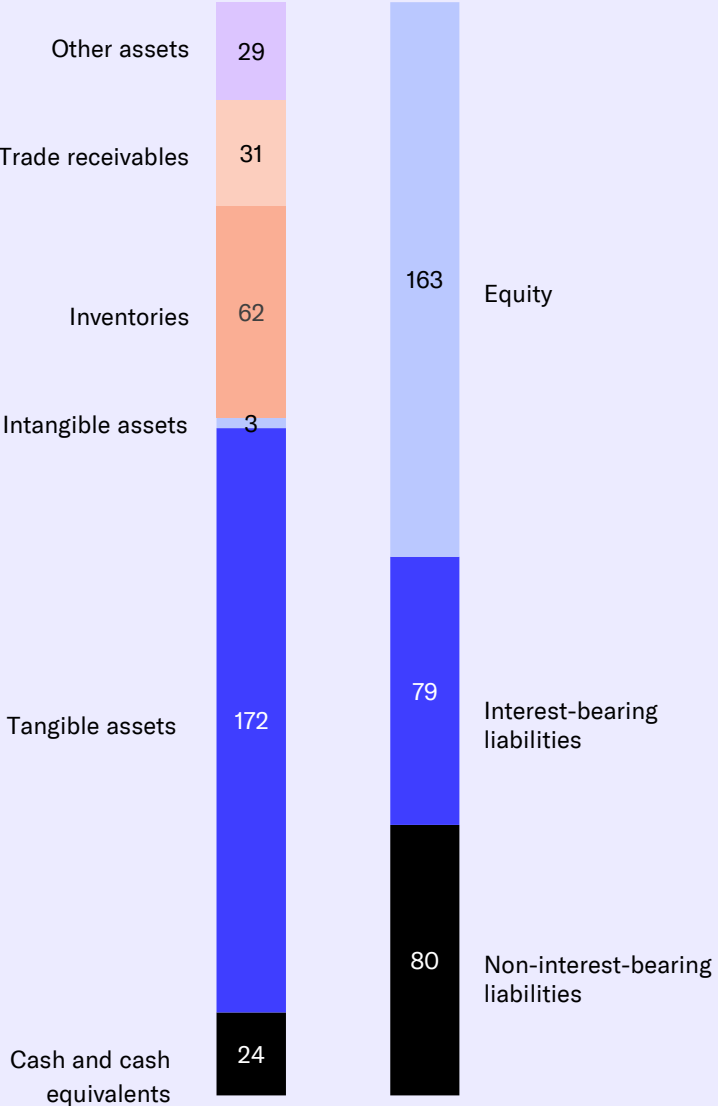
Koskisen had equity of some 163 MEUR on the balance sheet at the end of 2025. Interest-bearing debt (incl. lease liabilities and interest-bearing accounts payable) amounted to some 79 MEUR and non-interest-bearing debt to around 75 MEUR. Thus, the company's net debt, including cash and financial assets, totaled good 70 MEUR at the end of 2025. So the company's 2025 net indebtedness was approximately 33%, and the equity ratio was approximately 51%.

Koskisen does not have numerical balance sheet targets, but we believe that despite the cyclical nature of Koskisen's business, it could sustain moderate leverage without significantly increasing the stock's risk profile. We feel the appropriate level could be, e.g., an equity ratio of over 45%, a net indebtedness of around 20-30%, and a net debt/EBITDA ratio roughly at 1x-2x (vs. 1.9x at the end of 2025). Thus, we believe the company's balance sheet is healthy, considering that the company is likely to move towards a more stable phase, at least in its organic investment cycle. Reflecting a moderate balance sheet situation, the company also renewed its financing package at the end of 2025 with lower margins and a slower amortization schedule with key financing banks.

The balance sheet does not limit strategy implementation

We believe Koskisen's balance sheet also allows for financing at least organic growth through cash flow and debt. Acquisitions, on the other hand, would require, excluding the very smallest acquisitions, additional equity or the use of shares as payment (cf Koskisen paid just over 7 MEUR of the 22.5 MEUR enterprise value for Iisveden Metsä with its own shares). In addition, we feel Koskisen's dividend capacity is reasonable if the company does not make inorganic or larger organic growth investments in the coming years. However, dividend levels naturally depend on the performance of the next few years.

Balance sheet
(2025 322 MEUR)



Source: Inderes, Koskisen
*Unaudited

Strategy and financial targets 1/3

-2018

Forming into a wood processing company

- Focus on fostering and developing long-term customer relationships
- Developing economic performance over cycles
- In 2010, production of interior design solutions for vans began under the Kore brand in Poland
- Plywood and chipboard businesses consolidation into the Panel Industry segment

Must Win Battles in the strategy

Realized

- Clarification of the Group structure
- A major investment in the new Järvelä sawmill unit, which will increase capacity and improve efficiency, and smaller investments in parts of the production lines to strengthen competitiveness in both units
- Successful capital raising in the IPO
- Very strong earnings in 2021-2022
- Increasing the size class and wood procurement with the Iisveden Metsä acquisition in 2025



2019–
2022

Significant improvement of the company's performance

- Divestment of the Taloteollisuus business
- Brand reform and the introduction of an integrated online planing line and Bio8 boiler in Järvelä
- Investment decision to build the new Järvelä unit
- IPO
- Russian operations terminated

Near future, 1-2 years

- Completing the Järvelä investments and securing their benefits in both businesses
- Adapting to the changing economic cycles and the tight timber market in Finland
- Development of new products, customization and customer service
- The integration of Iisveden Metsä into Koskisen, synergies, and optimization of the overall business (including growth in the Panel Industry)
- Improving the profitability of Iisveden Metsä by increasing volume
- Exploring the possibilities of consolidation, especially in the Sawn Timber Industry and in Finland



2024-

Accelerating growth through investments

- Securing the benefits of Järvelä investments and the Iisveden Metsä acquisition
- Organic growth through customer understanding (incl. product customization), competitive sales and high-quality customer service
- Developing and maintaining an agile business model: ability to react quickly to changing customer needs
- Adapting to the tight timber market
- Forerunner in responsibility by reducing Koskisen's already small carbon footprint and increasing its carbon handprint by developing more responsible products

Next 5 years

- Defining the growth appetite for the next strategy period
- Realizing the benefits of past investments and slowing down the pace of investments
- Developing and selling products with higher value added
- Quality maintenance of customer relationships
- Developing the product portfolio organically and through acquisitions
- Finalizing the Panel Industry investment program
- Exploring acquisitions in Finland and, in a high-growth scenario, also abroad

Strategy and financial targets 2/3

Focus areas of Koskisen's strategy

Value creation for customers

Koskisen invests in high-quality and customized products, customer-oriented service and innovative solutions.

Development of current activities

Koskisen aims to strengthen the competitiveness and differentiation of its factories, product development, and efficiently implement new initiatives.

Taking bold steps

Koskisen plans and prepares for possible acquisitions and investments.

Promoting responsibility and sustainable development

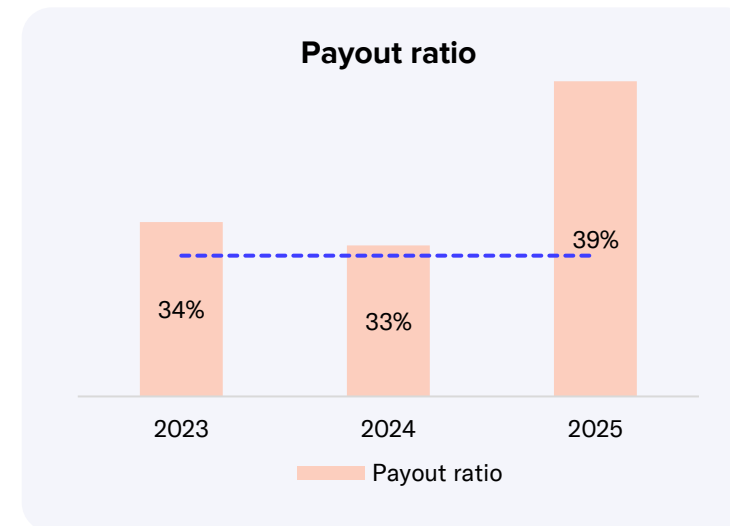
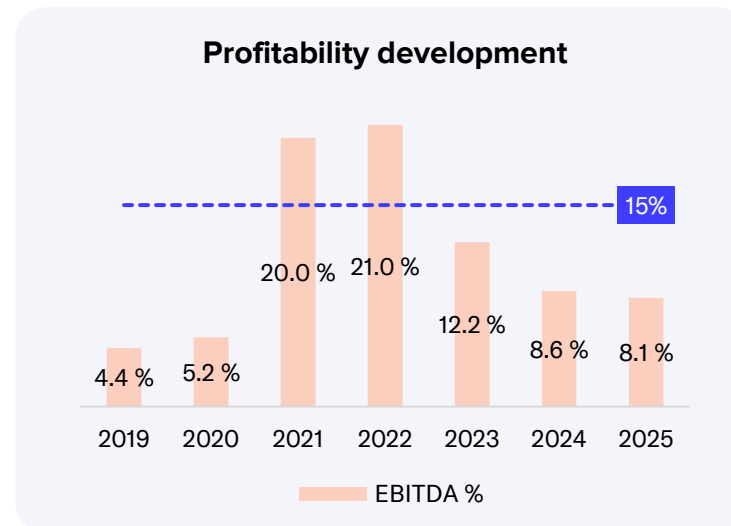
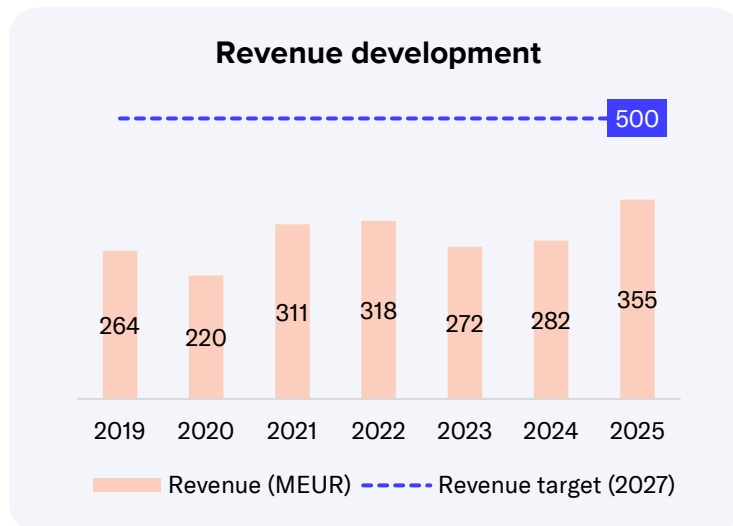
Koskisen considers the wise use of natural resources in its operations, strives to mitigate climate change, and invests in sustainable bioeconomy solutions.

Inderes' comments on Koskisen's strategic focus areas

- Considering Finland's high production cost level, we do not believe Koskisen has sustainable cost advantages in an international comparison, even though the company's factories (especially the new Järvelä saw line) are efficient. Therefore, we feel focusing on quality, customization and innovative solutions is the logical and almost only option for the company to achieve higher profitability than the industry average.
- In terms of customer value creation, it is also essential to gradually increase the value added of production through, e.g., processing, Kore products, and in the long term, possibly also through completely new wood products.
- We believe the development of the current business includes the commercial side and developing the production efficiency of the factories (incl., e.g., investments in the Panel Industry).
- Regarding efficiency, there is significant improvement potential in the new Järvelä saw line (including increasing capacity by removing bottlenecks), and not all the benefits of the investments have yet been fully reflected in the income statement.
- On the commercial side, the company must be able to sell the new and potentially growing capacity in Järvelä and also other existing products to the market in an increasingly profitable manner.
- The company is looking at possible M&A transactions, also after the Iisveden Metsä acquisition, especially in the Sawn Timber Industry in Finland, and organic investment opportunities in the Panel Industry.
- A transaction in the Sawn Timber Industry that would clearly increase the size class, has minor overlaps and generates cost synergies (wood sourcing in particular) in Finland could be sensible. In the Kore segment, acquisitions could create value considering the estimated good capital return of the businesses.
- Bold steps will likely require significant capital in due course, which requires the company to maintain a strong balance sheet.
- There are growing pressures on forest use from different sectors, so ensuring the general acceptability of the forest industry requires sensible use of raw materials.
- Koskisen's products are clearly carbon-negative and thus mitigate climate change, which gives the company a good starting point for benefiting from the sustainability trend.
- Focusing on responsibility will probably require investments from the company, but some of these will also open up new business opportunities.

Strategy and financial targets 3/3

Koskisen's financial objectives



Financial targets set by Koskisen

Growth Ability to generate 500 MEUR in revenue, including both organic and inorganic growth

Profitability An average EBITDA margin of 15% over the cycle

Balance sheet Maintaining a strong balance sheet

Profit distribution Attractive dividends – at least one-third of net profit per year

Inderes' comments on Koskisen's financial targets

- Achieving the revenue target would require inorganic growth and a recovering market even after the Iisveden Metsä acquisition. We believe M&A transactions should be directed at larger spruce-sawing focused players in the sawn timber industry in Southern or Central Finland, so that the industrial logic (capacity growth, customer base expansion, synergies, and more efficient wood procurement) and the scale of the transaction would be appropriate.
- The profitability target is challenging relative to the industry context and company history. Profitability levels are structurally low and very volatile, especially in the Sawn Timber Industry. In addition, very few operators in the panel industry have been able to generate over 15% EBITDA over cycles. Therefore, we consider the target quite challenging to achieve over cycles, but it is certainly possible to reach in individual years during a strong cycle.
- Considering the cyclical nature of the business, maintaining a strong balance sheet is critical to manage financial risks. In our view, the company's moderate net debt in the current balance sheet already clearly meets the balance sheet target and gives the company reserves, at least for moderate organic growth investments.
- The profit distribution target allows for growth investments if attractive opportunities arise. The flexible target also provides leeway, which we feel the company has utilized during its short history as a listed company.

Estimates 1/5

Estimate model

We model Koskisen's short- and medium-term revenue development based on estimated volume growth in business segments, predicted average price development of end products, and unit cost forecasts. In assessing short- and medium-term profitability development, we also model the development of the company's gross margin and fixed cost structure. Our long-term forecast is based on our estimates of the long-term growth rate of the market, the development of Koskisen's market share, and Koskisen's sustainable profitability level (cf. the company's historical track record and our assessment of the company's profitability potential).

Macroeconomic outlook

In Koskisen's main markets in Europe and Finland, economic growth was very subdued in 2025, as geopolitical uncertainty, confidence issues, and sluggish export demand stifled economic activity in both private consumption and investments. Construction, which is particularly important to Koskisen, has not recovered in Western countries from the post-pandemic rise in interest rates, even though interest rates, especially in Europe, have already fallen to a moderate level of around 2%.

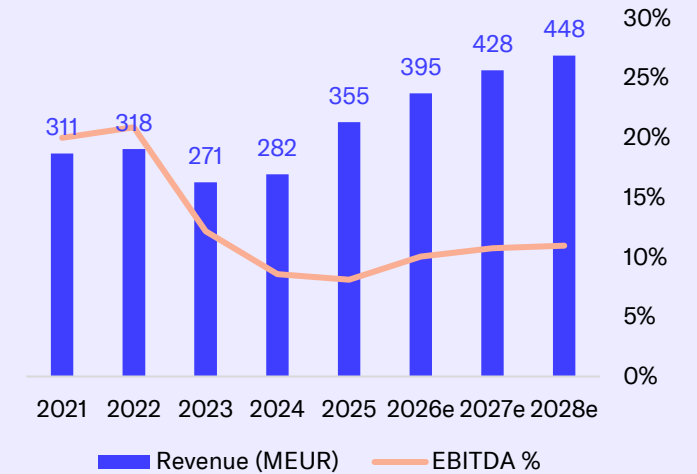
During 2025, Germany, in particular, and also other European countries, decided on significant defense and infrastructure investments. Real wages are also on the rise. Thus, the starting point for 2026 was positive, but the war in Iran that broke out in March 2026, and the resulting energy supply shock and price increases, have created threats to recovery, especially in the energy import-dependent regions of Europe and Japan. Due to the increased threat of inflation, the European Central Bank

may raise key interest rates this year, and market rates have already risen. Interest rate hikes would be negative for construction, which is important to Koskisen. The economic impact of the energy supply shock largely depends on the duration of the situation, which is very difficult to assess for now.

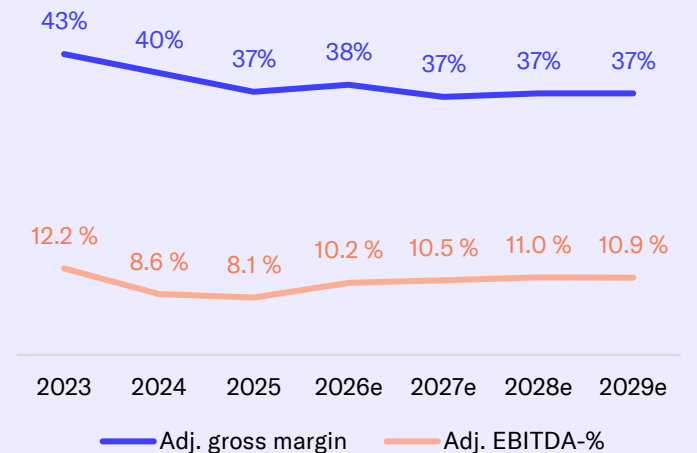
Economists expect (mostly updated before the outbreak of the war in Iran) that the Finnish and European economies will turn to a slow growth of 1-2% in 2026-2027. In Japan, growth is also expected to be slow at roughly 1%. The first half of 2026 will likely remain challenging for post-cyclical construction, but construction could recover in the second half of 2026 and next year, provided that the war in Iran or other geopolitical issues do not hinder the general economic recovery. In the Panel Industry, driven by the logistics sector, we believe the trend is broadly similar, as Volvo, for example, expected the truck market to turn towards slow growth in Europe by the end of the year, at least before the energy crisis (we estimate the light vehicle market to develop in roughly the same direction). We believe that value chain inventories in both the Sawn Timber Industry and the Panel Industry are low, so at the beginning of a positive turnaround, inventory normalization could at least mildly and temporarily support demand and pricing in both segments.

We expect the Finnish timber market to remain tight in the coming years, as in our base scenario, production in both the chemical and mechanical forest industries will recover with the economic cycle, and supply will not grow substantially. This, of course, requires that the energy crisis does not put a halt to the recovery of the European economy. However, we expect capacity closures to limit

Revenue and profitability



Adj. gross margin % and adj. EBITDA %



Estimates 2/5

the rise in the price of wood in the forecasting horizon. However, the fragile recovery of the economy and the industry's competitiveness challenges may cause volatility in timber prices, as seen in H2'25. Thus, regarding the price of wood, the worst situation likely occurred in 2025.

Our forecasts in Koskisen's neutral scenario are based on the above-described macro outlook for the global economy and main markets for the coming years. However, the macroeconomic situation remains fragile, especially in Europe, partly highlighted by the likely long-term increase in the element of surprise in the geopolitical situation. Changes in trade policy, the resolution of the wars in Ukraine and Iran, and new military actions could also significantly and quickly alter the overall picture. Thus, the two-way forecasting risks related to the macroeconomy (incl. growth, inflation, and interest rates) remain substantial.

2026: We see preconditions for continued earnings growth

In its 2025 financial statements, Koskisen guided for revenue growth in 2026 and an EBITDA margin of 8-12%. Despite a turbulent operating environment, Koskisen has met its guidance in recent years. We believe this provides a good starting point for short-term forecasting at this stage, even though the guidance is very broad and thus leaves room for very different outcomes regarding earnings growth.

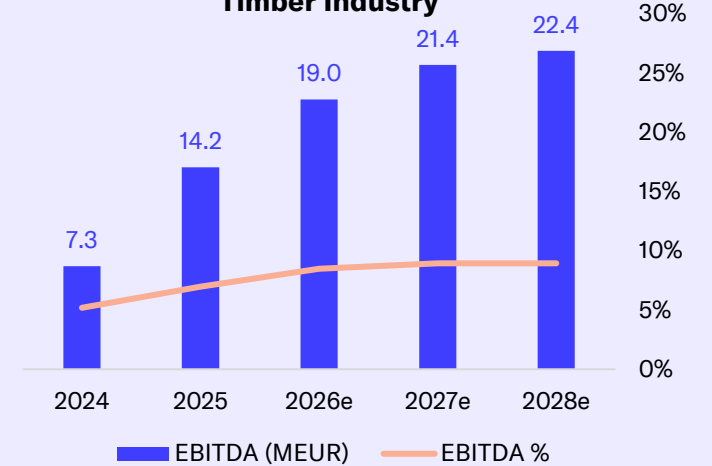
In the Sawn Timber Industry, growth will also be supported by lisveden Metsä for five months next year. We expect sawn timber market price levels to develop slightly positively, like in 2024-2025, as profitability in the industry is generally modest and inventories are low, which should

allow for slight price increases if demand recovers even slightly during the rest of the year. Similarly, the decreased price in the energy wood market is likely to slightly dampen Koskisen's revenue. Considering this overall picture, we expect the Sawn Timber Industry's revenue to grow by 10% in 2026 to 223 MEUR. We estimate that growth is mostly inorganic. We estimate that the profitability of the Sawn Timber Industry will improve by 1.5 pp thanks to 8.5% growth in the adjusted EBITDA margin, certain efficiency gains from investments, synergies from lisveden Metsä, and a slight decrease in the average price of wood.

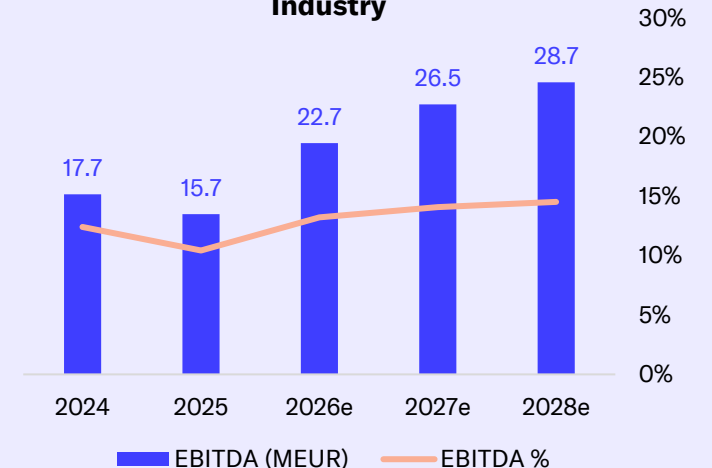
In our baseline scenario, Russian birch plywood supply will remain largely (i.e. sanction leakage) absent from European markets this year as well. Demand should also pick up during the year in line with the general economic situation, and the company's available capacity is also greater than last year due to investments. We expect the chipboard segment to behave in a similar manner to the Sawn Timber Industry, although the recovery in chipboard demand is likely to be slightly slower than in the Sawn Timber Industry due to the company's significant focus on Finland. We estimate that Kore should grow slightly, provided that regulation or macro concerns do not disrupt new vehicle registrations. In addition, Kore is likely to have room for efficiency improvements in the aftermath of the investments completed in 2024.

We expect volumes in the Panel Industry to grow in 2026. We expect average prices to increase slightly, but the general demand situation and our growing capacity will not allow for strong price increases this year, despite the ongoing supply disruption. On the raw material side, the worst of the pressure is likely already over, despite the

EBITDA and EBITDA % of the Sawn Timber Industry



EBITDA and EBITDA % of the Panel Industry



Estimates 3/5

the tight market dynamics. Thus, we estimate that the revenue of the Panel Industry will increase by 12% to 172 MEUR, driven by volumes. We expect the Panel Industry's profitability to increase by almost 3 pp to an adjusted EBITDA margin of 13%, mainly due to the earnings leverage from growth and lower earnings burdens from investment shutdowns compared to 2025.

As a result, our 2026 EBITDA estimate is 40 MEUR at Group level, which corresponds to an EBITDA margin of 10%. At the EBITDA level, we estimate that the company's earnings will improve by nearly 40% with volume growth and efficiency gains compared to the previous year. In 2026, we estimate that Koskisen's depreciation will still increase slightly due to the balance sheet growth driven by investments. Our EBIT estimate still increases with a lever relative to EBITDA. Financial expenses are stable at 3.6 MEUR in our 2026 estimate due to a healthy balance sheet, and the tax rate is at the usual 20% level. Thus, our EPS estimate is EUR 0.67. We expect Koskisen to pay a dividend of EUR 0.20 per share on the 2026 result reflecting the profit distribution policy.

On the cash flow side, the increase in working capital due to volume growth renders the cash flow slightly subdued relative to EBITDA (cf. interest paid and taxes correspond to income statement items). On the other hand, investments will fall from the high levels of 2021-2025, although the company will invest 7 MEUR in the Panel Industry this year in addition to maintenance, and several million in removing bottlenecks at the Järvelä sawmill (channel dryer). Our investment estimate is slightly at the level of depreciation, at 18 MEUR. Thanks to net profit and positive free cash flow, Koskisen's balance sheet will strengthen slightly during 2026.

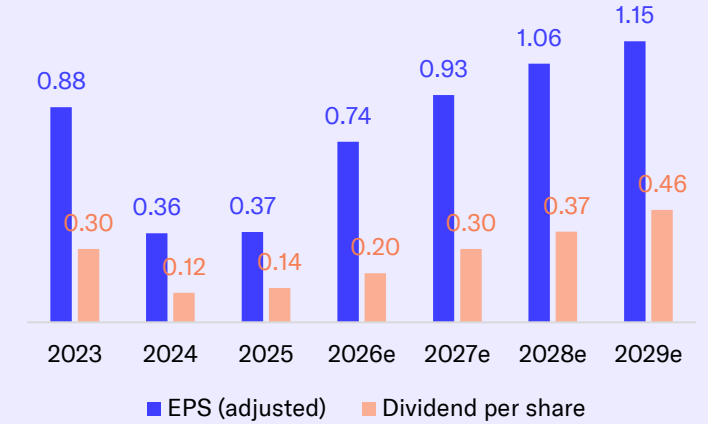
We have lowered our adjusted EBITDA estimates for the current year by around 5%, driven by slightly decreased volume estimates for H1, especially due to the outbreak of the war in Iran, and slightly increased cost estimates (incl. logistics). However, in our baseline scenario, we expect the war in Iran and the resulting turbulence in energy markets to subside relatively quickly.

In 2027-2028, the market situation could be somewhat normal

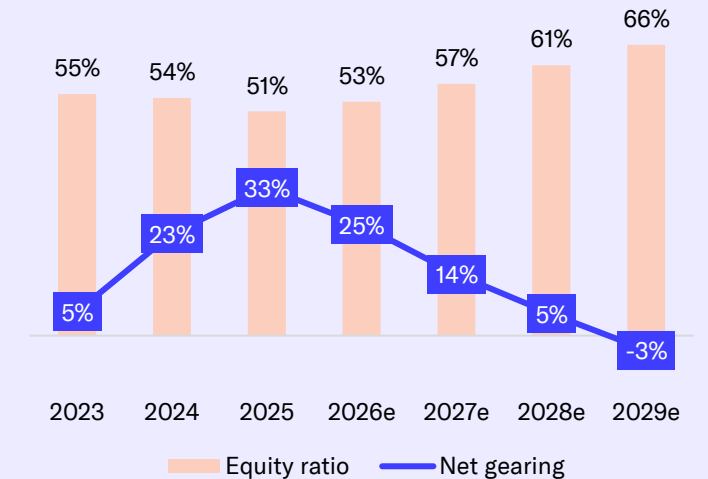
We believe Koskisen could enter 2027 in an improving economic situation, provided geopolitics does not disrupt the general economy. We also expect Russian supply to remain out of the European market, which tightens the Panel Industry's birch plywood market in Europe, even though customer industries have had time to adapt to the new situation. The Panel Industry should have slightly more capacity available in 2027, thanks to investments. In addition, the company has likely increased the capacity of the Järvelä saw line by over 10% to around 450,000 cubic meters during 2026 through an investment in a channel dryer. On the other hand, the raw material market for logs is likely to remain tight in Finland, unless the economic cycle of the wood-consuming industry falters or wood imports from Russia do not resume.

We estimate that Koskisen's revenue will grow by 8% in 2027 to 428 MEUR and by 5% in 2028 to 448 MEUR. We believe that growth will come especially from the volumes of both businesses. We expect the volume growth enabled by the continued development of Järvelä to continue, and prices to rise slightly due to recovering construction demand. In the Panel Industry, we believe the recovery of the business cycle and additional capacity enabled by

EPS and dividend



Development of balance sheet position



Estimates 4/5

investments will be reflected in both volumes and prices. Despite the high price of birch logs, the growth enables a slight margin improvement for Koskisen in our forecasts for these years.

In 2027-2028, we estimate that Koskisen's adjusted EBITDA will be about 46-49 MEUR, corresponding to an EBITDA margin of around 11%. In our forecast, both units will improve their profitability slightly. We expect the profitability of the Panel Industry to remain structurally higher than that of the Sawn Timber Industry, although we do not believe that the Panel Industry will reach the high profitability levels of the initial phase of the war (i.e., 2022-2023) in the coming years due to a less favorable sales-to-raw material price ratio and the weakening profitability of the chipboard business (i.e., low volume).

However, our profitability estimates are below the company's targets, and there is also an upside risk to them if the Panel Industry returns to peak profitability levels as market disruptions continue and/or if the cyclical recovery raises the Sawn Timber Industry's profitability, in particular, to the double-digit levels typical of an economic boom. The negative risks, on the other hand, relate to the level of raw material costs, the economic situation (incl. inflation and interest rates), and the profitability level in the Panel Industry under normal market conditions.

We estimate Koskisen's depreciation to be around 16 MEUR, with financing costs remaining moderate (i.e., under 1% of revenue). We expect the tax rate to be around 18% from 2027 onwards, as Finland's corporate tax rate will decrease. Thus, we estimate that EPS will be EUR 0.91-1.03 in 2027-2028, with a reasonable operating result, and profit distribution will be EUR 0.30-0.37 per share

The growth will probably tie up some working capital, but we estimate that Koskisen's cash flow from operations will be at a moderate level of just under 40 MEUR after interest expenses in 2027-2028. On the other hand, we expect investments to remain roughly in line with depreciation, at 16-17 MEUR. Our estimates do not include acquisitions or other inorganic arrangements. With our estimates, Koskisen's balance sheet will gradually strengthen slightly, approaching zero net debt in 2028.

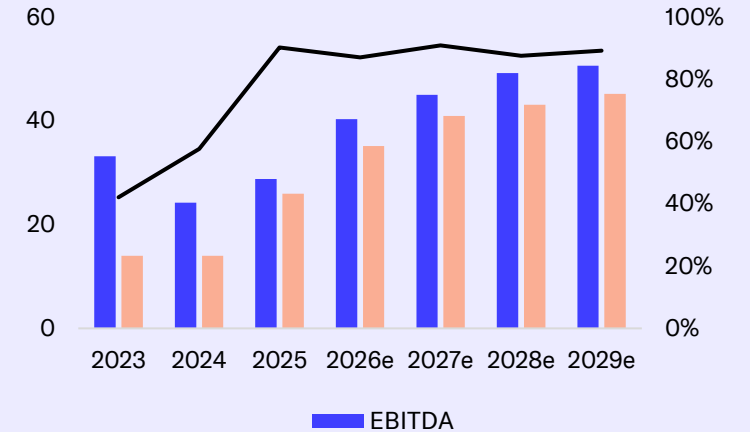
We have not yet made any changes to Koskisen's 2027-2028 estimates.

Longer-term estimates

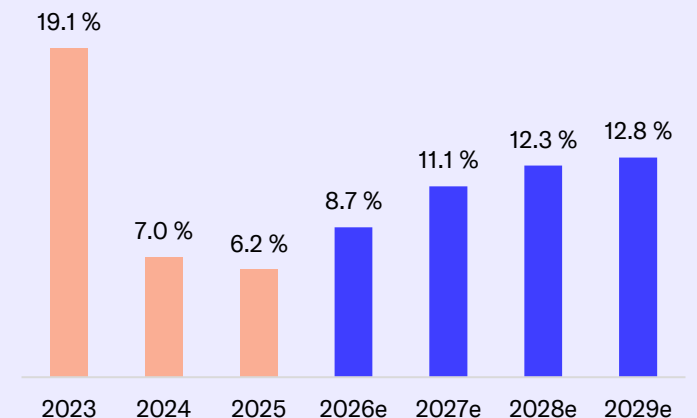
We expect Koskisen's long-term organic growth outlook to be healthy as environmental awareness and the popularity of wood construction increase in the future. In the big picture, we expect the company to be able to grow its revenue at roughly the same pace as global economic growth, which means 2-3% growth in the long term. We note, however, that annual changes can be dramatic depending on the economic and construction cycles. Our forecasts do not include M&A transactions but are based on organic growth.

In the long term, we expect Koskisen to achieve an EBITDA margin of approximately 9-11%, reflecting the tight long-term competitive dynamics of the company's industries and the company's still limited track record over cycles. This corresponds to an EBIT margin of 6-7% and 10-14% ROIC. However, profitability may fluctuate clearly on an annual basis, and our estimates reflect our assessment of

Cash flow development (MEUR)



Return on invested capital (ROIC) development

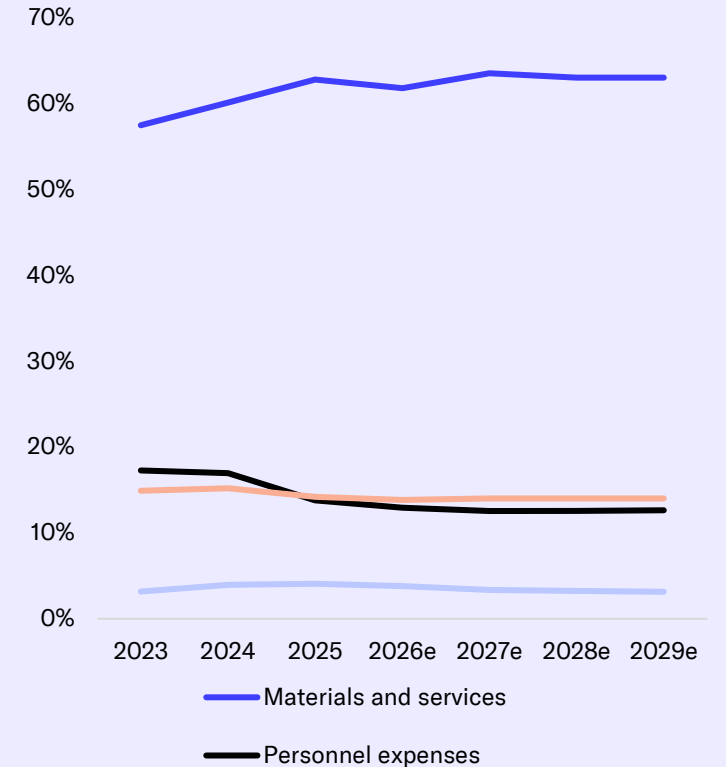


Estimates 5/5

normalized profitability over cycles. The terminal EBIT margin forecast is a conservative 5.6%, with which the company's terminal return on capital is slightly higher than the cost of capital. We are still cautious concerning the terminal before Koskisen can achieve a stronger track record in different types of market situations and over time.

Regarding capital allocation, we estimate that investment needs (incl. IFRS 16 items) will be around 3-5% of revenue in the longer term. This is based on an assumption that growth in the long term is approximately in line with the market. Thus, seeking more aggressive growth through larger or new product investments would be reflected in both our investment and growth forecasts. We expect Koskisen's net working capital needs to be around 11-14% of revenue over the longer term. So we do not expect any significant changes in capital requirements relative to the company's history considering the conditions of the industries. We estimate that Koskisen's net debt will remain at most moderate without larger organic or inorganic growth projects. Our long-term tax rate estimate is 18%, reflecting the Finnish corporate tax rate that will decrease in 2027.

Relative % share of the gross margin and cost items in revenue



Income statement and estimate revisions

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	282	86.2	89.7	83.8	95.1	355	96.8	105	88.9	105	395	428	448	464
Sawn Timber Industry	140	48.7	47.5	50.2	57.5	204	54.0	60.3	49.6	59.5	223	239	251	262
Panel Industry	142	37.6	42.2	33.6	37.6	151	42.8	44.5	39.3	45.3	172	188	198	202
Other/Eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	24.2	9.4	10.5	2.8	6.1	28.8	8.7	13.7	7.1	10.1	39.7	45.9	49.1	50.8
Depreciation	-11.2	-3.2	-3.5	-3.8	-4.0	-14.5	-4.0	-4.0	-4.0	-4.0	-16.0	-16.2	-16.2	-16.4
EBIT (excl. NRI)	13.1	6.3	6.8	-0.9	2.3	14.5	4.7	9.7	3.1	6.1	23.7	29.7	32.9	34.4
EBIT	13.0	6.2	7.0	-1.0	2.1	14.3	4.7	9.7	3.1	6.1	23.7	29.7	32.9	34.4
Sawn Timber Industry (EBITDA)	7.2	5.4	4.2	2.6	2.0	14.3	3.7	6.4	3.9	4.9	19.0	21.4	22.4	23.4
Panel Industry (EBITDA)	17.7	4.5	6.7	0.2	4.3	15.7	5.5	7.8	3.7	5.7	22.7	26.5	28.7	29.4
Other/Eliminations	-0.7	-0.5	-0.5	0.1	-0.3	-1.2	-0.5	-0.5	-0.5	-0.5	-2.0	-2.0	-2.0	-2.0
Depreciation	-11.2	-3.2	-3.5	-3.9	-3.9	-14.5	-4.0	-4.0	-4.0	-4.0	-16.0	-16.2	-16.2	-16.4
Adjustments	0.0	0.0	-0.1	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-3.1	-1.0	-0.9	-1.0	-0.7	-3.6	-0.9	-0.9	-0.9	-0.9	-3.6	-3.1	-2.5	-1.3
PTP	10.0	5.3	6.1	-2.0	1.4	10.7	3.8	8.8	2.2	5.2	20.1	26.7	30.4	33.1
Taxes	-1.7	-1.1	-1.0	0.4	-0.4	-2.1	-0.8	-1.8	-0.4	-1.0	-4.0	-4.8	-5.5	-6.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	8.3	4.2	5.0	-1.6	1.0	8.6	3.1	7.1	1.8	4.1	16.1	21.9	24.9	27.1
EPS (adj.)	0.36	0.19	0.20	-0.07	0.05	0.37	0.13	0.29	0.07	0.17	0.67	0.91	1.03	1.13
EPS (rep.)	0.36	0.18	0.21	-0.07	0.04	0.36	0.13	0.29	0.07	0.17	0.67	0.91	1.03	1.13

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	399	395	-1%	426	428	0%	446	448	0%
EBITDA	41.8	39.7	-5%	46.5	45.9	-1%	49.8	49.1	-1%
EBIT (exc. NRIs)	25.8	23.7	-8%	30.3	29.7	-2%	33.6	32.9	-2%
PTP	22.2	20.1	-10%	27.3	26.7	-2%	31.0	30.4	-2%
EPS (adjusted)	0.74	0.67	-10%	0.93	0.91	-2%	1.06	1.03	-2%
DPS	0.20	0.20	0%	0.30	0.30	0%	0.37	0.37	0%

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	151	180	182	182	184
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	1.0	3.0	3.4	3.8	4.2
Tangible assets	146	172	174	174	175
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	3.9	4.4	4.4	4.4	4.4
Other non-current assets	0.0	0.2	0.2	0.2	0.2
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	126	142	151	157	161
Inventories	49.2	62.4	63.2	64.1	65.0
Other current assets	21.6	24.1	24.1	24.1	24.1
Receivables	23.8	31.4	35.6	38.5	40.3
Cash and equivalents	31.8	24.4	27.7	29.9	31.4
Balance sheet total	277	322	333	339	344

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	149	163	176	193	211
Share capital	1.5	1.5	1.5	1.5	1.5
Retained earnings	65.2	71.1	83.8	101	119
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	82.3	90.8	90.8	90.8	90.8
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	64.6	85.8	77.7	64.2	50.7
Deferred tax liabilities	7.2	9.5	9.5	9.5	9.5
Provisions	0.2	0.2	0.2	0.2	0.2
Interest bearing debt	54.2	69.7	61.6	48.1	34.6
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.1	6.4	6.4	6.4	6.4
Current liabilities	63.3	72.9	79.0	81.7	82.9
Interest bearing debt	12.1	9.3	10.2	8.7	7.2
Payables	35.7	46.2	51.4	55.6	58.3
Other current liabilities	15.6	17.4	17.4	17.4	17.4
Balance sheet total	277	322	333	339	344

Valuation and recommendation 1/4

Emphasis on EV-based pricing multiples

We focus on earnings-based multiples in Koskisen's valuation. When examining earnings-based multiples, we use both EV/EBITDA and EV/EBIT multiples, which consider the company's capital structure, as well as the net income-based P/E ratio, as Koskisen's structure (incl. IFRS 16 impact) has no factors impairing the usability of the top or bottom lines of the income statement. In addition, the cash flow-based P/FCFE is a multiple worth monitoring for Koskisen if the company moves to a more peaceful phase of the investment cycle in the next few years.

As absolute multiples, we have used the acceptable pricing multiples that we have defined based on our view of the company's current growth, profitability and risk profile, and partly also on Koskisen's historical pricing on the markets. In addition, we have compared the valuation to peer companies' longer-term historical multiples. When looking at absolute valuation multiples, we focus on the estimate year and the following year, as we do not think that Koskisen's cyclical nature supports setting the target particularly far away.

We also approach Koskisen's valuation from a balance sheet perspective. We prefer the conventional P/B ratio and EV/Invested capital (EV/IC)¹ ratio. The EV/Invested capital valuation multiple is comparable to the P/B ratio, with the difference that it also considers the company's capital structure unlike the P/B ratio. We have compared Koskisen's balance sheet-based valuation with the company's ability to generate capital (ROE% and ROIC%). We have also approached the balance sheet-based valuation through the historical levels of peers. We believe that it is reasonable to consider the balance sheet-based

valuation because the company's business is cyclical, and thus the fluctuations in annual earnings may be very volatile, especially on the lower lines of the income statement. On the other hand, in a mature, competitive and investment-intensive sector, return on capital is limited in the longer term to a rather strict framework, when examined through averages of several years.

In addition to valuation multiples, we use the DCF model in Koskisen's valuation, which considers the long-term perspective better than valuation multiples. We feel DCF is quite suitable for Koskisen despite the company's cyclical nature, as the company operates in a business with limited organic growth, estimable long-term average profitability, and somewhat clear capital needs.

Factors influencing valuation

We believe that the following factors support and depress Koskisen's valuation:

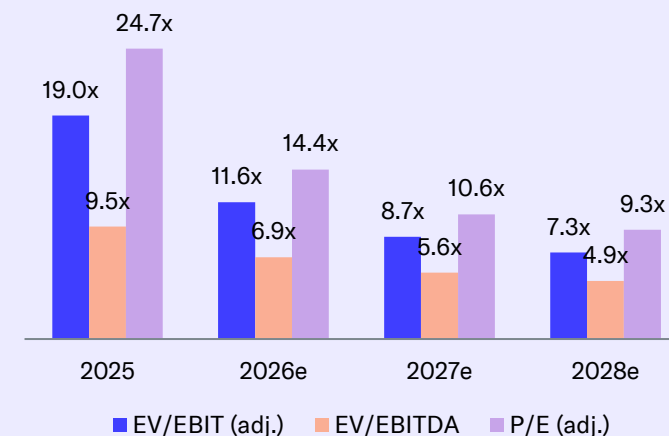
The earnings growth outlook from the realized 2025 level is quite good. Koskisen's demand outlook is supported by several long-term drivers, and also the next cyclical turn in the construction market is most likely upwards, although there is uncertainty about the timing, which has recently been highlighted by the hostilities in the Middle East. In addition, we feel the benefits of investments already made or underway, and the synergies from the Iisveden Metsä acquisition, have not been fully realized. We believe sustainable earnings growth would be a strong driver for the share.

Healthy balance sheet after the IPO ensures the possibility to focus purely on developing operational activities and also exploring M&A transactions.

Valuation	2026e	2027e	2028e
Share price	9.60	9.60	9.60
Number of shares, millions	24.1	24.1	24.1
Market cap	231	231	231
EV	275	258	242
P/E (adj.)	14.4	10.6	9.3
P/E	14.4	10.6	9.3
P/B	1.3	1.2	1.1
P/S	0.6	0.5	0.5
EV/Sales	0.7	0.6	0.5
EV/EBITDA	6.9	5.6	4.9
EV/EBIT (adj.)	11.6	8.7	7.3
Payout ratio (%)	30.0 %	33.1 %	35.8 %
Dividend yield-%	2.1 %	3.1 %	3.9 %

Source: Inderes

Earnings multiples



Source: Inderes

¹EV/IC = (market value of equity + net liabilities) / (equity + net liabilities)

Valuation and recommendation 2/4

The cyclical nature of the business reduces long-term visibility and raises the risk profile, thus limiting the acceptable valuation multiples for the share. In addition, in the short term, the risk of a prolonged weak cycle creates uncertainty.

The company's small size and limited liquidity may limit the interest of certain types of investors in the stock and thus restrict the formation of the share price. In addition, production focused on individual production plants increases the risk level of the stock somewhat.

Earnings-based valuation

We feel acceptable 12-month forward-looking EV/EBITDA ratios for Koskisen are roughly 4x-7x, and P/E ratios are 10x-14x, considering the growth and profitability levels of the business and the risk profile. On an annual basis, the multiples may occasionally stretch to a very wide range depending on the cycle, especially with bottom-line metrics that are sensitive to even small profitability fluctuations.

The above-mentioned valuation multiples are also in line with the longer-term average levels of the nearest peers (Interfor Corp, Boise Cascade, Steico). Industrial acquisitions in the sector have also often been carried out at 5-6x EV/EBITDA multiples, provided that earnings have not been exceptionally poor. We believe this supports our assessment of an acceptable valuation. In Finland, the Stora Enso Junnikkala and Koskisen Iisveden Metsä acquisitions were made in a poor earnings cycle, slightly below their own equity book values in 2025.

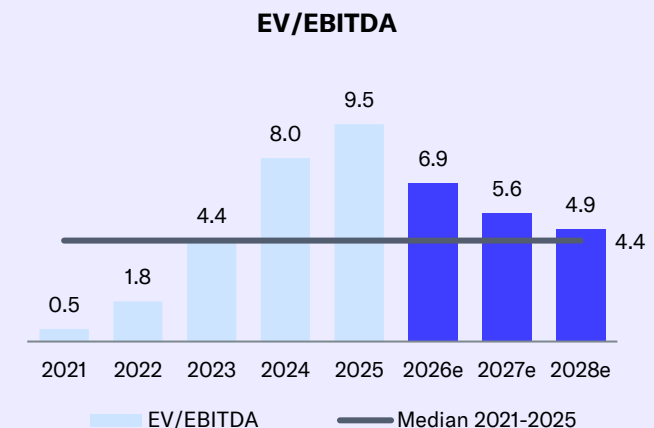
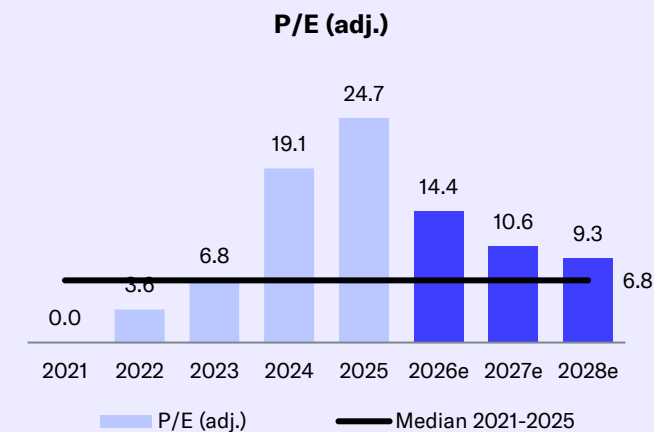
Koskisen's adjusted P/E ratios for 2026 and 2027 based on our estimates are 14x and 11x, while the corresponding EV/EBITDA ratios are 7x and 6x and EV/EBIT ratios are 12x

and 9x. These ratios are within the ranges we estimate for the company, especially with the multiples of 2026 receiving the main emphasis at this stage. Thus, we consider the earnings-based valuation of the share rather neutral, considering the cautiously attractive but uncertain 2027 multiples and the 2025 earnings-based multiples, which are above our acceptable levels.

Koskisen's dividend income rises to good 2-3% with our profit distribution forecasts for 2026-2027. Thus, the dividend is likely to provide only a moderate base return in the coming years. However, in our view, Koskisen is primarily positioned as a growth company in its strategy. Thus, the role of dividends will, in principle, support the expected return in the company rather than dominate it. Dividend levels are also fully dependent on earnings performance, considering the moderately increased debt level due to active investments in recent years and the company's aim to maintain a strong balance sheet.

Balance sheet-based valuation

With our current forecasts, we expect Koskisen to reach a return on invested capital of around 10% in the coming years and in the long term. Our return on equity estimates are similar, especially for the coming years. Since we expect the company's capital returns to be slightly above the cost of capital in our examination over the cycle, the company should, in principle, be valued roughly at a slight premium to its book value and invested capital (i.e., P/B and EV/IC > 1x) in the long term. Considering the range of our estimates and the cost of capital we apply, the acceptable balance sheet-based valuation level (P/B and EV/IC) would, in our view, be around 0.8x-1.3x.



Valuation and recommendation 3/4

The upper end is justified in favorable phases of the cycle, whereas during weaker times, falling below 1x is not an immediate buy signal. Furthermore, a valuation exceeding the book value could be justified if the investments of recent years could be shown to have sustainably raised Koskisen's return on capital clearly to double-digit figures or if the cost of capital were to fall (cf. e.g. interest rate level) clearly below our current assumption. Correspondingly, at the low end, we believe the share should receive reasonable support from the balance sheet even in weak cycles, considering the long-term return on capital and the quality of the balance sheet (i.e. equity is matched by tangible assets on the balance sheet).

For Koskisen, EV/IC and P/B are both around 1.3x with our forecasts for the current year. Therefore, both multiples are in the middle of the ranges we accept for the company, and we also believe that the balance-sheet-based pricing of the stock is approximately in the right ballpark, considering current assumptions.

Peer group reasonable for relative comparison

It is difficult to find fully comparable listed peers for Koskisen. The core peer group we built consists of listed companies that are linked to the Sawn Timber Industry and Panel Industry. The peers operate in different markets (especially North America) and to some extent with different product portfolios than Koskisen, which further limits comparability. We have largely excluded Nordic forest companies that mainly focus on the chemical forest industry from the peer group.

Also, the growth and profitability profiles of the peer group differ somewhat from those of Koskisen. Therefore, the pricing of Koskisen's stock cannot be based on this alone,

and the valuation indication obtained from peers should, in our opinion, be interpreted with caution. We also point out that the companies in the peer group are very cyclical. Consequently, their earnings multiples can also fluctuate drastically.

Koskisen's closest peers are with 2026 consensus estimates valued at a median EV/EBITDA ratio of 11x, P/E ratio of 21x, and P/B ratio of 0.9x. Earnings multiples are high, but they are mainly due to poor results and not investors' confidence in the company's outlook. Next year's multiples are lower. Koskisen has been valued below its peers on an earnings basis, but due to the high multiples of the peer group, we are cautious about this metric. In relative terms, Koskisen's balance sheet-based P/B is at a premium, which also describes a better performance than for its peers.

DCF model

We also give weight to the cash flow based model (DCF) in our valuation despite it being very sensitive especially to the variables of the terminal period. We have, however, used conservative estimates in the terminal period parameters of our DCF model and in light of these, we feel the model offers relevant support to the other methods we use and especially for examining longer term revenue potential.

According to our DCF model, the share value is good EUR 9 per share, which, like the other methods we use, supports our view of the stock being somewhat correctly priced. The COE requirement we apply to Koskisen in the DCF valuation is 10.3%. In terms of the target capital structure, we have set gearing at nearly 20%, as we consider a balance sheet with a moderate debt burden warranted considering the cyclical nature of Koskisen's business. As a result of this and the 18%

Sensitivity analysis for P/B ratio

		Acceptable P/B ratio				
		ROE %				
CoE %	9%	10%	11%	12%	13%	
	12%	0.7	0.8	0.9	1.0	1.1
	11%	0.8	0.9	1.0	1.1	1.2
	10%	0.9	1.0	1.1	1.3	1.4
	9%	1.0	1.1	1.3	1.4	1.6
8%	1.2	1.3	1.5	1.7	1.8	

Long-term organic growth **2.0%**

Valuation summary (EUR/share)

Acceptable P/E 2026e	6.7	9.3
Acceptable P/E 2027e	10.2	11.4
Acceptable EV/EBITDA 2026e	6.4	9.7
Acceptable EV/EBITDA 2027e	6.5	11.1
Acceptable P/B 2026e	5.8	9.5
Acceptable EV/IC 2026e	7.3	11.9
DCF	8.0	11.0

Valuation and recommendation 4/4

tax rate, the weighted average cost of capital (WACC) is set at 9.2%. The discount rates are slightly higher than the average for a company on Nasdaq Helsinki, as we also believe Koskisen's risk profile is currently higher than that of an average listed company. As the company's financial track record builds up and strengthens and/or interest rates stabilize, there could be downside in our required return, even though we have lowered our required return over the past year (no changes in this update).

Valuation in line with objectives remains a matter of speculation

If the company reached its 2027 target of 500 MEUR in revenue and the EBITDA % target of 15% over the cycle, it would mean an EBITDA of about 75 MEUR. If this were priced with an EBITDA ratio of around 4-7x, the debt-free enterprise value would be 300-525 MEUR (cf. current EV under 300 MEUR). However, it is very difficult to estimate the shareholders' share of this (and the fair value of the share), as we estimate that revenue of 500 MEUR is not possible for the company within the target timeframe without acquisitions. The quality, price and synergy potential of acquisitions and related financing decisions are again impossible to assess in advance without concrete details. We also point out that carrying out M&A transactions that generate significant revenue (i.e. especially the consolidation of the low-margin sawmill industry in Finland) and simultaneously improving profitability can, in practice, be a very difficult combination to implement simultaneously in the coming years.

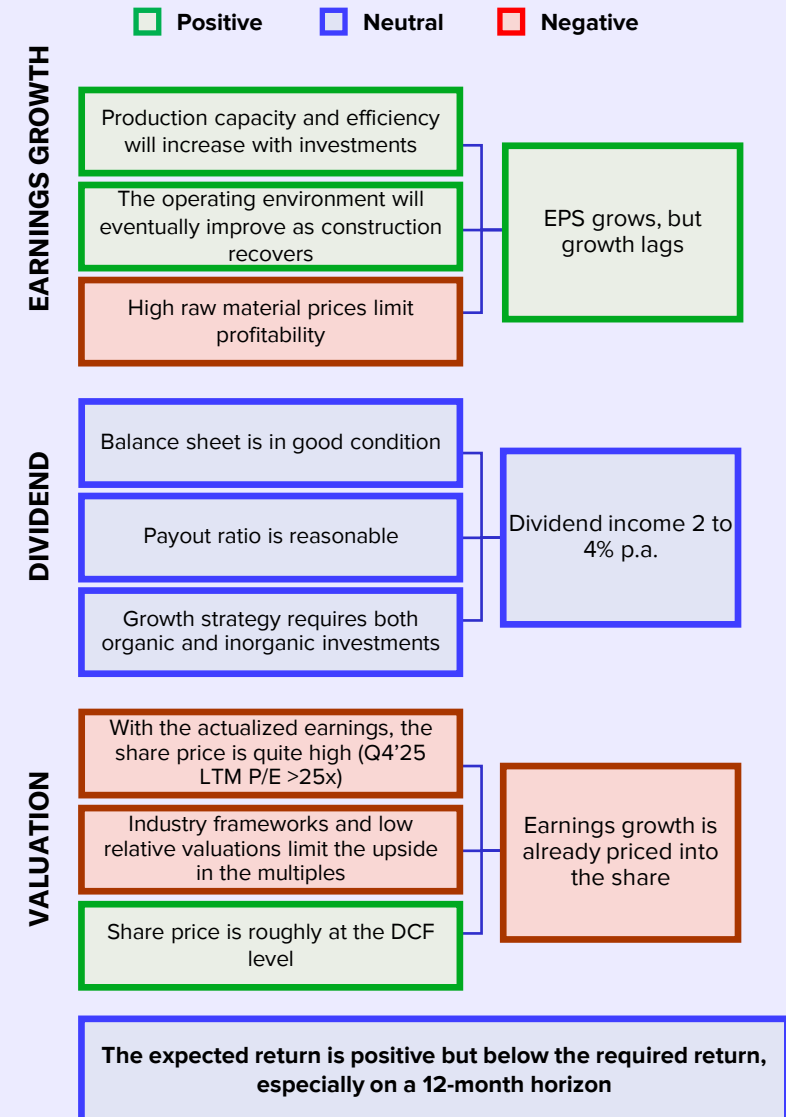
Expected return not yet sufficient to justify purchases

Considering the overall picture of the valuation methods, we estimate that the fair value of Koskisen's stock is approximately EUR 8-10.5 per share. The expected return on the stock, consisting of fairly clear earnings growth, a valuation downside (2025 LTM P/E > 20x), and a 2% dividend yield, will be below the required return for the next 12 months. Therefore, we consider the stock's pricing (share price of around 9 EUR/share), which is roughly in the middle of our fair value range, to be neutral.

The expected return would turn positive if the company exceeded our forecasts for the coming years, e.g., through a faster-than-expected recovery of the European economy and construction. Correspondingly, the share could have a moderate downside if the company's performance did not improve as we expect in 2025. As we believe the risks in our estimates are roughly balanced or slightly negative (incl. consensus estimates that are above ours), we do not see a major pricing error in the share on a 12-month horizon.

The expected return would turn more clearly positive if Koskisen could raise its profitability to its target of over an average 15% adj. EBITDA-% (cf. our estimates of adj. EBITDA-% 10-11%). At best, this will only be possible when a better cycle arrives in the medium term, as there are still no signs of a rapid recovery in construction. Overall, we believe the share's risk/reward profile is neutral even in the medium term. Thus, before moving to the buy side, we await signs that the company's strategy execution and/or a cyclical recovery will accelerate/ensure earnings growth expectations for the next few years and/or the stock's risk level decreases, e.g., as a result of the required return falling.

Total shareholder return drivers 2026-2028e



Investment profile

- 1 The company seeks a niche mainly in volume-driven markets with its quality strategy
- 2 The business is cyclical, although the plywood business balances the fluctuations in the sawn timber market
- 3 The benefits of the Järvelä production facility investment and the Iisveden Metsä acquisition are still partly unrealized
- 4 Intense competition in the industries has kept returns on capital low historically
- 5 Acquisitions with sound industrial logic, good quality and moderate price tags can create value

Potential

- Faster than market growth through customization, new products, and a successful sales organization
- Cyclical recovery of demand in the construction sector
- The long-term demand outlook for carbon-binding wood products is healthy
- The investment in the Järvelä wood processing unit and the synergies from the Iisveden Metsä acquisition should further increase the company's normalized profitability and earnings base
- Inorganic opportunities created by a fragmented industry

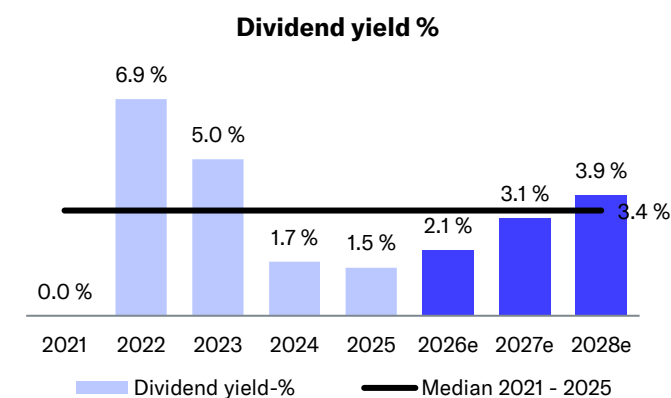
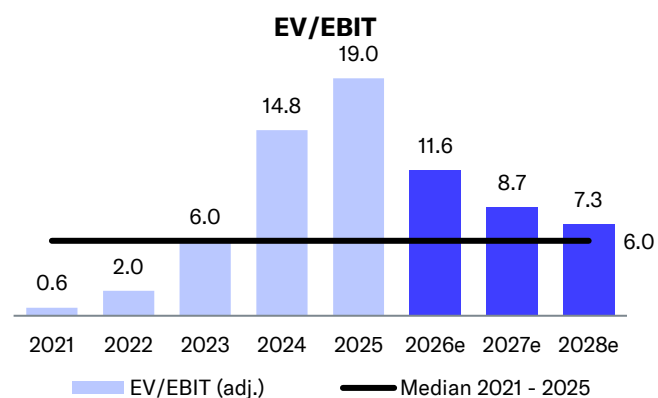
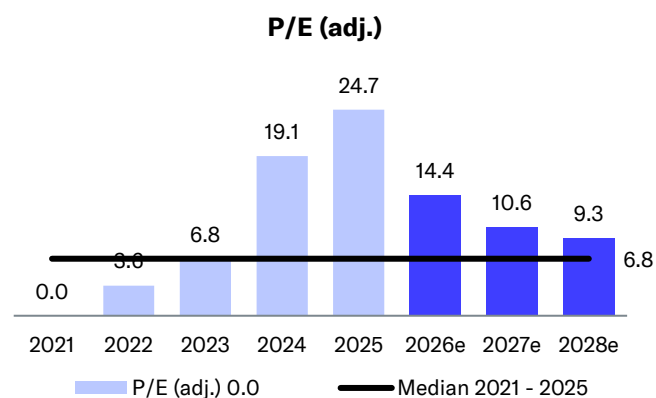
Risks

- Cyclical risks (+/-)
- Chronically very tense and price-driven competition, especially in the Sawn Timber Industry and in weak cycles (i.e. limited possibilities for differentiation)
- The lack of economies of scale, Finland's inherently tight timber market, and an otherwise high cost level challenge cost competitiveness
- M&A transactions (+/-)
- Concentrated production structure

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price		6.28	6.00	6.96	9.10	9.60	9.60	9.60	9.60
Number of shares, millions		23.0	23.0	23.0	23.7	24.1	24.1	24.1	24.1
Market cap		145	138	160	219	231	231	231	231
EV		116	146	195	274	275	258	242	224
P/E (adj.)		3.6	6.8	19.1	24.7	14.4	10.6	9.3	8.5
P/E		3.6	6.8	19.3	25.0	14.4	10.6	9.3	8.5
P/B		1.1	0.9	1.1	1.3	1.3	1.2	1.1	1.0
P/S		0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.5
EV/Sales		0.4	0.5	0.7	0.8	0.7	0.6	0.5	0.5
EV/EBITDA		1.8	4.4	8.0	9.5	6.9	5.6	4.9	4.4
EV/EBIT (adj.)		2.0	6.0	14.8	19.0	11.6	8.7	7.3	6.5
Payout ratio (%)		25.1 %	34.2 %	33.4 %	39.2 %	30.0 %	33.1 %	35.8 %	40.0 %
Dividend yield-%		6.9 %	5.0 %	1.7 %	1.5 %	2.1 %	3.1 %	3.9 %	4.7 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B 2026e
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	
Interfor Corp	417	938			17.2		0.5	0.5					0.3
Boise Cascade	2520	2508	4.7	6.1	3.9	4.7	0.4	0.4	6.8	8.7	10.5	7.0	1.5
West Fraser Timber	4436	4547		159.8	9.5	8.1	0.8	0.9	6692.9	155.7	1.8	1.9	0.8
Canfor	936	1566			88.5		0.5	0.5					0.4
Stora Enso	8302	11366	44.9	19.6	12.1	9.7	1.2	1.3	55.4	23.4	2.7	2.4	0.7
STEICO	300	431	14.2	9.8	7.2	5.1	1.2	1.2	17.0	12.3	2.0	2.7	1.1
Louisiana-Pacific	4551	4598	18.5	10.1	12.6	8.1	2.1	1.9	25.1	13.7	1.3	1.4	3.6
Stella-Jones	2829	3818	12.3	12.4	10.2	9.8	1.8	1.8	15.0	15.5	1.1	1.2	2.8
Koskisen (Inderes)	231	275	11.6	8.7	6.9	5.6	0.7	0.6	14.4	10.6	2.1	3.1	1.3
Average			18.9	36.3	20.1	7.6	1.1	1.0	1135.4	38.2	3.2	2.7	1.4
Median			14.2	11.3	11.2	8.1	1.0	1.0	21.0	14.6	1.9	2.1	0.9
Diff-% to median			-18%	-23%	-38%	-31%	-30%	-40%	-32%	-27%	11%	47%	45%

Source: Refinitiv / Inderes

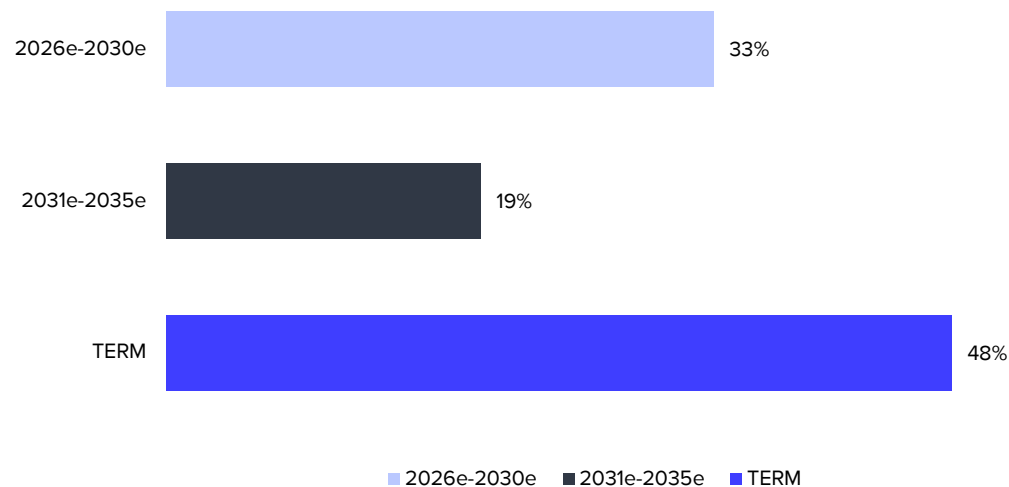
DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	25.8 %	11.4 %	8.1 %	4.8 %	3.6 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	4.0 %	6.0 %	7.0 %	7.3 %	7.4 %	7.0 %	6.5 %	6.0 %	5.6 %	5.6 %	5.6 %	5.6 %
EBIT (operating profit)	14.3	23.7	29.7	32.9	34.4	33.3	31.7	30.0	28.7	29.4	30.0	
+ Depreciation	14.5	16.0	16.2	16.2	16.4	16.5	16.6	16.8	17.0	17.3	17.5	
- Paid taxes	0.2	-4.0	-4.8	-5.5	-6.0	-5.9	-5.6	-5.3	-5.1	-5.2	-5.4	
- Tax, financial expenses	-0.8	-0.8	-0.6	-0.5	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
+ Tax, financial income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
- Change in working capital	-11.0	0.2	0.4	0.0	0.6	-1.2	-1.2	-1.2	-1.2	-1.3	-1.1	
Operating cash flow	17.4	35.2	41.0	43.2	45.2	42.6	41.4	40.1	39.3	40.1	41.1	
+ Change in other long-term liabilities	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-43.6	-18.4	-16.4	-17.4	-17.4	-18.4	-18.4	-19.4	-20.4	-20.4	-18.7	
Free operating cash flow	-22.9	16.8	24.6	25.8	27.8	24.2	23.0	20.7	18.9	19.7	22.4	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-22.9	16.8	24.6	25.8	27.8	24.2	23.0	20.7	18.9	19.7	22.4	315
Discounted FCFF		15.8	21.1	20.3	20.1	16.0	13.9	11.5	9.5	9.1	9.5	134
Sum of FCFF present value		281	265	244	223	203	187	173	162	152	143	134
Enterprise value DCF		281										
- Interest bearing debt		-79.0										
+ Cash and cash equivalents		24.4										
+ 0		0.0										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		226										
Equity value DCF per share		9.4										

WACC

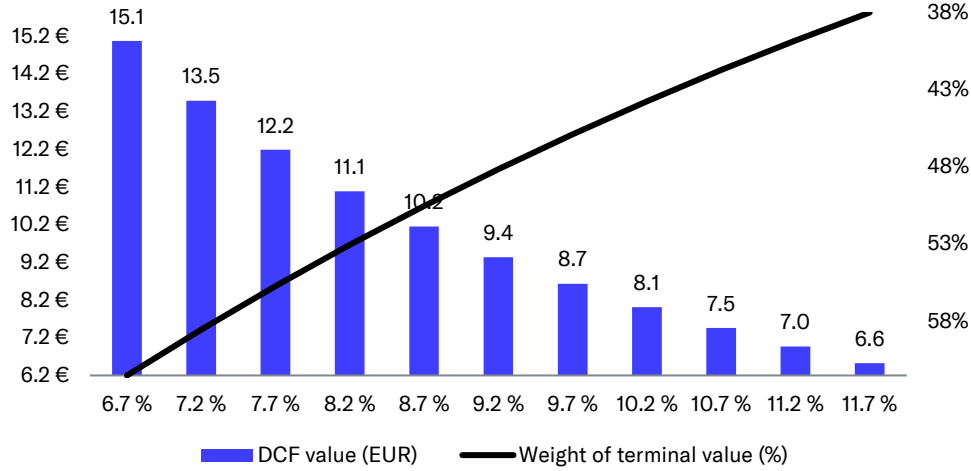
Tax-% (WACC)	18.0 %
Target debt ratio (D/(D+E))	17.5 %
Cost of debt	5.0 %
Equity Beta	1.65
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	10.3 %
Weighted average cost of capital (WACC)	9.2 %

Cash flow distribution

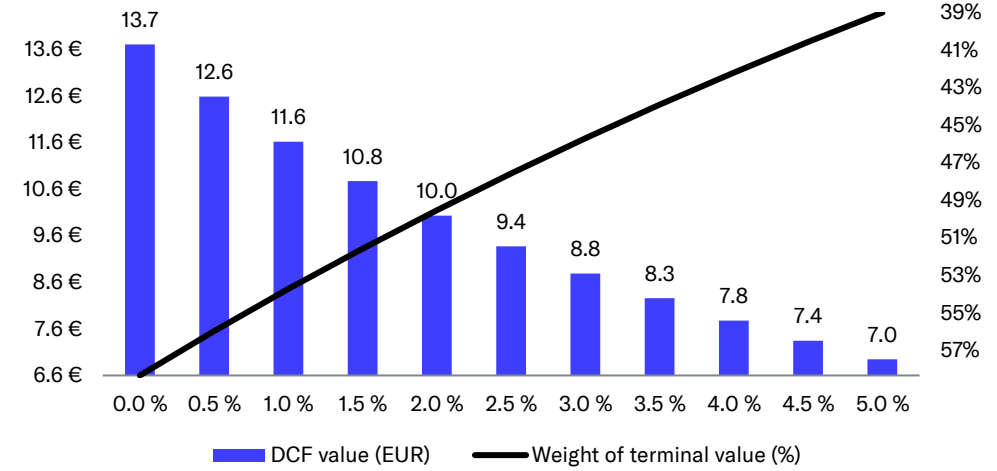


DCF sensitivity calculations and key assumptions in graphs

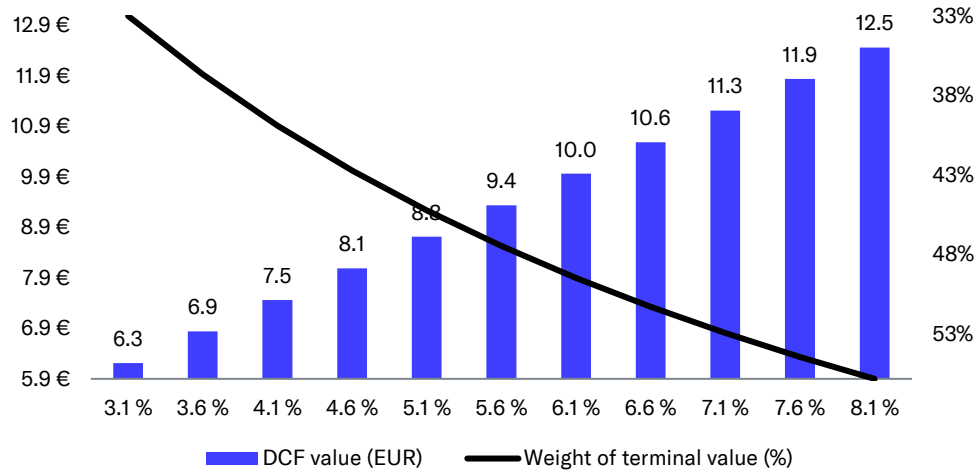
Sensitivity of DCF to changes in the WACC-%



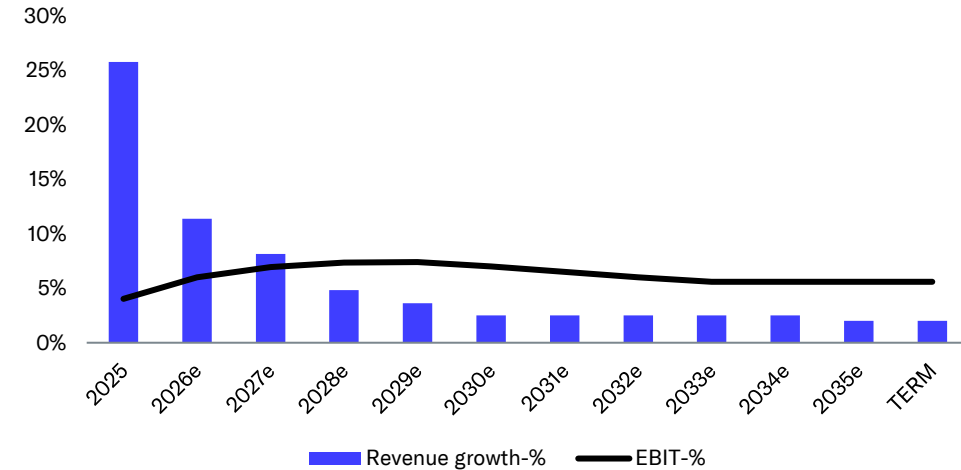
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Climate target and taxonomy analysis

Core activities are outside the taxonomy classification

Koskisen's businesses eligible for taxonomy in 2025 in terms of revenue were forest management, manufacturing of energy efficiency equipment for buildings, and manufacturing of other low-carbon technologies (Zero panel). Other eligible items in terms of capital expenditure and operating costs included renovation of existing buildings, electricity generation using photovoltaic technology, production of heat/cool from bioenergy, cogeneration of heat/cool and power from bioenergy, construction, extension and operation of water collection, treatment and supply systems, installation, maintenance and repair of energy efficiency equipment, provision of IT/OT data-driven solutions, manufacturing products for reuse, acquiring and owning buildings, and manufacture of other low carbon technologies. Consequently, the sawn timber, plywood and chipboard products, which account for the majority of Koskisen's revenue, are not taxonomically classified.

As a result, the taxonomy rates of Koskisen's revenue, operating costs, and investments remain low. Furthermore, the taxonomy rates are unlikely to rise in the coming years if the future taxonomy definitions won't include a much larger share of the company's external sales-generating products. We do not believe that the low taxonomy rate will put immediate upward pressure on, for example, Koskisen's cost or availability of financing, or pose other challenges to the business.

Businesses contain a political element

So far, taxonomy does not cover much of the forest industry's main products and value chain, but we think there is a certain political element to Koskisen's business,

as there is a general awareness of the role of forests in climate change mitigation and biodiversity issues in particular. Of course, Koskisen has focused exclusively on so-called long-cycle wood products, which also have significant and widely recognized positive elements in reducing climate emissions from construction. However, regulations and policies, especially those related to forest use, may come from different regulatory frameworks. This is important for Koskisen's business, as wood is by far the company's most important raw material. So far, we do not believe that forest-related regulation has materially undermined Koskisen's long-term business conditions.

The company set emission reduction targets in 2024

Koskisen aims to reduce Scope 1 and Scope 2 emissions by 50% and Scope 3 emissions by 20% by 2027 compared to 2022. We consider the targets to be realistic, especially since the company's own emissions are quite moderate as the business is not particularly energy-intensive. Koskisen's products also bind carbon significantly and over the long term, which is why the carbon handprint of Koskisen's products is positive (i.e. more carbon is bound than the production of the products generates).

We estimate that progress towards the stated climate targets will not result in significant additional direct costs for the company in the short term. In the medium term, the climate targets are likely to require investments or cost investments by the company, at least in the production of the energy needed to manufacture the end products, in the energy efficiency of production, and possibly also in reducing the emission load of logistics.

Taxonomy eligibility	2024	2025
Revenue	9.6%	9.3%
OPEX	23.5%	20.4%
CAPEX	6.6%	15.4%
Taxonomy alignment		
Revenue	0%	0%
OPEX	0%	0%
CAPEX	0%	0%
Climate		
Climate target	Yes	Yes
Target according to the Paris Agreement (1.5 °C warming scenario)	No	No

NB! Taxonomy eligibility % is shown without taxonomy-aligned activities.

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/24/2023	Reduce	6.00 €	6.35 €
3/17/2023	Reduce	6.00 €	6.29 €
----- Analyst changed -----			
5/25/2023	Reduce	6.75 €	6.40 €
8/11/2023	Accumulate	6.75 €	6.19 €
8/25/2023	Accumulate	7.50 €	6.40 €
11/20/2023	Accumulate	7.00 €	6.35 €
2/13/2023	Accumulate	6.75 €	6.05 €
2/19/2024	Accumulate	6.75 €	6.18 €
4/12/2024	Reduce	6.75 €	7.18 €
5/15/2024	Reduce	7.00 €	7.60 €
8/19/2024	Reduce	7.50 €	7.50 €
11/18/2024	Reduce	7.25 €	7.08 €
1/16/2025	Reduce	7.25 €	7.14 €
2/18/2025	Reduce	7.25 €	7.10 €
5/12/2025	Accumulate	8.25 €	7.54 €
8/19/2025	Reduce	9.00 €	9.22 €
11/11/2025	Reduce	9.00 €	9.10 €
11/17/2025	Reduce	9.00 €	9.08 €
2/16/2026	Reduce	9.00 €	9.04 €
4/20/2026	Reduce	9.00 €	9.60 €



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