OFFERING CIRCULAR

KOSKISEN

Koskisen Corporation

Contemplated listing on the Official List of Nasdaq Helsinki Ltd
Share issue of up to EUR 32.2 million
Subscription Price EUR 6.14 per Offer Share

This offering circular (the "**Offering Circular**") has been prepared in connection with the initial public offering of Koskisen Corporation (the "**Company**"), a public limited liability company incorporated in Finland. In the share issue, the Company aims to raise gross proceeds of approximately EUR 29.3 million by offering preliminarily a maximum of 4,780,801 new shares in the Company ("**Offering**"). The subscription price for the Offer Shares (as defined below) is EUR 6.14 per Offer Share (the "**Subscription Price**"). The subscription price in the Personnel Offering (as defined below) is 10 percent lower than the Subscription Price (*i.e.*, EUR 5.53).

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**"), (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally (the "**Institutional Offering**") and (iii) a personnel offering to all employees who are in a full or part-time permanent employment relationship with the Company or its subsidiaries in Finland at the start of the subscription period on November 21, 2022, as well as to the members of the Board of Directors and the executive board of the Company (the "**Personnel**") (the "**Personnel Offering**").

The Company is expected to grant to Nordea Bank Abp ("**Nordea**"), acting as stabilizing manager (the "**Stabilizing Manager**"), an over-allotment option, exercisable within 30 days from the commencement of trading in the shares in the Company (the "**Shares**") on the Official List of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**"), which would entitle the Stabilizing Manager to subscribe for a maximum of 478,080 additional new Shares (the "**Optional Shares**") at the Subscription Price solely to cover any over-allotments in connection with the Offering (the "**Over-allotment Option**"). The Stabilizing Manager and the Company are expected to agree on a Share issue and Share return arrangement related to stabilization in connection with the Offering. Pursuant to such arrangement, the Stabilizing Manager may subscribe for a number of new Shares (the "**Additional Shares**") equal to the maximum number of Optional Shares to cover any possible over-allotments in connection with the Offering. Assuming that the Over-allotment Option is exercised in full, the number of Offer Shares amounts to 5,258,881. Unless the context indicates otherwise, the New Shares (including the Personnel Shares (as defined below)) and the Additional Shares are together referred to herein as the "**Offer Shares**."

Varma Mutual Pension Insurance Company, Elo Mutual Pension Insurance Company, Stephen Industries Inc Oy and UB Fund Management Company Ltd (each separately a "**Cornerstone Investor**" and together, the "**Cornerstone Investors**") have given subscription undertakings in relation to the Offering, under which they commit to subscribe for Offer Shares at the Subscription Price subject to certain provisions and subject to the condition that the value of the Company's existing Shares does not exceed approximately EUR 109 million. For additional information, see "*Terms and Conditions of the Offering—Special Terms and Conditions Concerning the Institutional Offering—Subscription Undertakings*."

Nordea has been appointed to act as sole global coordinator and bookrunner for the Offering (the "**Global Coordinator**"). In addition, the Company has appointed Nordnet Bank AB ("**Nordnet**") as a subscription place.

The subscription period for the Public Offering will commence on November 21, 2022, at 10:00 a.m. (Finnish time) and end on or about November 28, 2022, at 4:00 p.m. (Finnish time). The subscription period for the Institutional Offering will commence on November 21, 2022, at 10:00 a.m. (Finnish time) and end on or about November 30, 2022, at 11:00 a.m. (Finnish time). The subscription period for the Personnel Offering will commence on November 21, 2022, at 10:00 a.m. (Finnish time) and end on or about November 28, 2022, at 4:00 p.m. (Finnish time). For directions for subscription and full terms and conditions of the Offering, see "*Terms and Conditions of the Offering*."

Before the Offering, the Shares have not been subject to trading on a regulated market or a multilateral trading facility. The Company will submit an application to Nasdaq Helsinki for the Shares to be listed on the Official List of Nasdaq Helsinki with the trading code KOSKI (ISIN code: FI4000533005). Trading of the Shares on the Official List of Nasdaq Helsinki on or about December 1, 2022 (the "**Listing**").

The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities laws of any state of the United States and accordingly, may not be offered or sold, directly or indirectly, in or into the United States. The Offer Shares are being offered and sold outside the United States in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**"). This Offering Circular may not be published or distributed in or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or any other jurisdiction in which it would not be permissible to make an offer of the Shares. The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any such countries.

For certain risk factors involved in investing in the Shares, see "*Risk Factors.*"

Sole Global Coordinator Bookrunner

Nordea

The date of this Offering Circular is November 18, 2022.

IMPORTANT INFORMATION

In this Offering Circular, any reference to the "**Company**" means Koskisen Corporation and "**Koskisen**" and "**Group**" mean Koskisen Corporation and its subsidiaries on a consolidated basis, except where it is clear from the context that the term means Koskisen Corporation or a particular subsidiary or business unit only. References relating to the shares and share capital of the Company or matters of corporate governance refer to the shares, share capital and corporate governance of Koskisen Corporation. Nordea has been appointed to act as the Global Coordinator for the Offering.

The Company has prepared and published this Offering Circular in order to offer Shares to the public and list the Shares on Nasdaq Helsinki. This Offering Circular has been prepared in accordance with the Finnish Securities Markets Act (746/2012, as amended, the "**Finnish Securities Markets Act**"), Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 (as amended, the "**Prospectus Regulation**"), Commission Delegated Regulation (EU) 2019/979 of March 14, 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301, as amended, Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 (Annexes 1 and 11), supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended, and the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the "**FIN-FSA**").

This Offering Circular also contains a summary in the format required by Article 7 of the Prospectus Regulation. This Offering Circular is an English language translation of the Finnish language summary and prospectus (the "**Finnish Prospectus**"), and it contains the same information as the Finnish Prospectus, with the exception of certain information directed at investors outside Finland. The FIN-FSA has approved the Finnish Prospectus as the competent authority under the Prospectus Regulation. The FIN-FSA only approves the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA of the Finnish Prospectus should not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The record number of the FIN-FSA's approval of the Finnish Prospectus is FIVA/2022/1442. The English language Offering Circular has not been approved by the FIN-FSA. In the event of any discrepancies between the Finnish Prospectus and this English language Offering Circular, the Finnish Prospectus shall prevail.

Shareholders and prospective investors should rely solely on the information contained in this Offering Circular as well as on the stock exchange releases published by the Company. Neither the Company nor the Global Coordinator have authorized anyone to provide any information or give any statements other than those provided in this Offering Circular. Delivery of this Offering Circular shall not, under any circumstances, indicate that the information presented in this Offering Circular is correct on any day other than the date of this Offering Circular (excluding historical financial information and the description of Koskisen's history), or that there would not be any changes in the business of Koskisen after the date of this Offering Circular. However, if a significant new factor, material mistake or material inaccuracy is discovered in this Offering Circular after the FIN-FSA has approved the Finnish Prospectus but before the Listing and such significant new factor, material mistake or material inaccuracy may be of material importance to investors, the Finnish Prospectus will be supplemented in accordance with the Prospectus Regulation. If the Finnish Prospectus is supplemented, the supplement and its English language translation will be published through a stock exchange release. Information given in this Offering Circular is not a guarantee or grant for future events by Koskisen or the Global Coordinator, and shall not be considered as such. Unless otherwise stated, any estimates with respect to market development relating to Koskisen or its industry are based upon the reasonable estimates of the Company's management.

The validity of the Finnish Prospectus expires when the Offer Shares have been admitted to trading on the Official List of Nasdaq Helsinki. Trading in the Shares on the Official List of Nasdaq Helsinki is expected to commence on or about December 1, 2022. Responsibility to supplement the Finnish Prospectus in accordance with the Prospectus Regulation in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Finnish Prospectus is no longer valid.

In a number of countries, in particular in the United States, the United Kingdom, Australia, Canada or Japan, the distribution of this Offering Circular and the offer of the Offer Shares are subject to restrictions imposed by law (such as registration, admission, qualification and other regulations). The offer to subscribe for or purchase the Offer Shares does not include persons in any jurisdiction where such an offer would be illegal. No action has been or will be taken by the Company or the Global Coordinator to permit the possession or distribution of this Offering Circular (or any other offering or publicity materials or application form(s) relating to the Offering) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement.

The Offer Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any documents relating to the Offer Shares nor any advertisements may be distributed or published in any jurisdiction in which this would violate any laws or regulations. No action has been or will be taken by the Company or the Global Coordinator to permit the public offering of the Offer Shares outside Finland. The Company and the Global Coordinator urge that any person who receives this Offering Circular into their possession acquire adequate information of these restrictions and comply with them. Further information with regard to restrictions on offers, sales and deliveries of the Offer Shares and the distribution of this Offering Circular and other offering material relating to the Offer Shares is set out in "*Selling and Transfer Restrictions*."

The Shares have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state of the United States and accordingly, may not be offered or sold, directly or indirectly, in or into the United States in or into the United States (as defined in Regulation S). The Shares are being offered and sold outside the United States in compliance with Regulation S. This Offering Circular may not be published or distributed in or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or any other jurisdiction in which it would not be permissible to make an offer of the Shares. The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any such countries.

Neither the Company nor the Global Coordinator accept any legal responsibility for persons who have obtained this Offering Circular in violation of these restrictions, irrespective of whether these persons are prospective subscribers or purchasers of the Shares.

The Company reserves the right, at its sole and absolute discretion, to reject any subscription of the Shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation.

The Global Coordinator is acting exclusively for the Company and no one else in connection with the Offering. It will not regard any other person (whether or not a recipient of this Offering Circular) as its client in relation to the Offering. The Global Coordinator will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to in this Offering Circular.

Investors must not construe the contents of this Offering Circular as legal, investment or tax advice. Each investor should consult such investor's own counsel, accountant or business advisor as to legal, investment and tax advice and related matters pertaining to the Offering, if they deem it necessary.

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SUMMARY

Introduction

This summary should be read as an introduction to this Offering Circular. Any decision to invest in the Offer Shares should be based on consideration of this Offering Circular as a whole by the investor. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in this Offering Circular is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating this Offering Circular before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular or where it does not provide, when read together with the other parts of this Offering Circular, key information in order to aid investors when considering whether to invest in the Offer Shares.

The identity and contact details of the issuer are:

Company..	Koskisen Corporation
Business identity code..	0148241-9
Legal entity identifier ("**LEI code**")....................................	9845000D85046ECFFF27
Domicile	Kärkölä, Finland
Registered office	Tehdastie 2, FI-16600 Järvelä, Finland

Before the Offering, the Shares have not been subject to trading on a regulated market or a multilateral trading facility. The Company will submit an application to Nasdaq Helsinki for the Shares to be listed on the Official List of Nasdaq Helsinki with the trading code KOSKI (ISIN code: FI4000533005). Trading of the Shares on the Official List of Nasdaq Helsinki on or about December 1, 2022.

The FIN-FSA has, in its capacity as competent authority under the Prospectus Regulation, approved the Finnish Prospectus on November 18, 2021. The record number of the FIN-FSA's approval of the Finnish Prospectus is FIVA/2022/1442. The FIN-FSA's address is P.O. Box 103, FI-00101 Helsinki, Finland, its telephone number is +358 9 183 51 and its email address is *kirjaamo@finanssivalvonta.fi*.

Key Information on the Issuer

Who is the Issuer of the Securities?

The Company is a Finnish public limited liability company organized under the laws of Finland and domiciled in Kärkölä, Finland. The Company was registered in the trade register maintained by the Finnish Patent and Registration Office (the "**Trade Register**") on March 18, 1966, its business identity code is 0148241-9 and its LEI code is 9845000D85046ECFFF27.

Principal Activities

Koskisen is a Finnish, family-owned wood processing company with more than hundred years of operating history. The main raw material used by Koskisen in its production is wood, which is processed by Koskisen into, for example, sawn goods, plywood and chipboard. For the year ended December 31, 2021, Koskisen had sales from approximately 70 countries and 38 percent of its revenue was generated from Finland, 33 percent from the rest of the EU and 29 percent from other countries, mainly the United Kingdom and the Asian market where Japan is an important market for the Company.

Koskisen has two business segments: Sawn Timber Industry (representing 60.4 percent of external revenue for the year ended December 31, 2021) and Panel Industry (representing 39.6 percent of external revenue for the year ended December 31, 2021). The Sawn Timber Industry business segment produces sawn and further-processed timber and the Panel Industry business segment produces plywood, thin plywood, veneers, chipboards and interior solutions for light and heavy commercial vehicles under the Kore brand. Koskisen's Wood Procurement function is part of the Sawn Timber Industry business segment. The Wood Procurement function is responsible for procuring wood for Koskisen's own production facilities, delivers residues from Koskisen's own production for bioenergy production to power plants located at Koskisen's production facilities owned and operated by Loimua Oy ("**Loimua**") and to several other nearby power plants as well as supplies raw material (chips and fiber wood) to paper and pulp manufacturers.

Koskisen's production facilities are located in Järvelä and Hirvensalmi, Finland, and Toporów, Poland. Koskisen is currently building a new wood-processing unit in Järvelä, Finland (the "**New Järvelä Unit**"), where production is expected to begin in stages during 2023 and 2024.

For the nine months ended September 30, 2022, Koskisen's revenue was EUR 240,208 thousand, its operating profit was EUR 50,324 thousand and its EBITDA was EUR 56,440 thousand. For the year ended December 31, 2021, Koskisen's revenue was EUR 311,464 thousand, its operating profit was EUR 52,711 thousand and its EBITDA was EUR 62,236 thousand. As at December 31, 2021, Koskisen had 909 employees, of which 85.4 percent were based in Finland.

Major Shareholders

The following table sets forth the twelve largest shareholders of the Company (together, the "**Koskinen Extended Family Members**") and their respective holdings immediately prior to the Offering:

	Before the Offering	
	Number of shares	Share of shares and votes
		(percent)
Kari Koskinen	4,208,988	23.7
Markku Koskinen	3,728,988	21.0
Eva Wathén	2,228,988	12.5
Sirkka-Leena Koskinen[(1)]	1,704,468	9.6
Ella Paksuniemi	1,220,000	6.9
Ester Paksuniemi	1,220,000	6.9
Laura Paksuniemi	1,220,000	6.9
Karoliina Koskinen	780,000	4.4
Lasse Koskinen	780,000	4.4
Arto Koskinen	191,052	1.1
Juha Koskinen	191,052	1.1
Riitta Kokko-Parikka	191,052	1.1
Other shareholders	115,018	0.6
Total	17,779,606	100.0

(1) Shares belong to an undistributed estate.

Chief Executive Officer and the Executive Board

The following table sets forth the members of Koskisen's executive board as at the date of this Offering Circular:

	Position	Citizenship	Year of birth
Jukka Pahta	Chief Executive Officer	Finland	1966
Karri Louko	Chief Financial Officer	Finland	1969
Tom-Peter Helenius	Director, Panel Industry	Finland	1971
Tommi Sneck	Director, Sawn Timber Industry	Finland	1976
Joonas Ojasalo	Director, Wood Supply and Bioenergy	Finland	1982
Minna Luomalahti	Director, HR	Finland	1967
Sanna Väisänen	Director, Sustainability and Communications	Finland	1977

The Board of Directors

The following table sets forth the members of the Company's Board of Directors as at the date of this Offering Circular:

	Position	Citizenship	Year of birth
Juha Vanhainen	Chair	Finland	1961
Kari Koskinen	Member	Finland	1958
Karoliina Koskinen	Member	Finland	1991
Kalle Reponen	Member	Finland	1965
Hanna Sievinen	Member	Finland	1972
Eva Wathén	Member	Finland	1967

Statutory Auditor

Koskisen's statutory auditor is PricewaterhouseCoopers Oy ("**PricewaterhouseCoopers**"), Authorized Public Accountants, with Authorized Public Accountant Markku Launis as the auditor with principal responsibility. Markku Launis is registered in the Finnish Register of Auditors maintained by the Trade Register pursuant to Chapter 6, Section 9 of the Finnish Auditing Act (*tilintarkastuslaki* 1141/2015, the "**Finnish Auditing Act**").

What is the Key Financial Information Regarding the Issuer?

The selected consolidated financial information set forth below has been derived from (i) Koskisen's unaudited consolidated financial information as at and for the nine months ended September 30, 2022, prepared in accordance with "*IAS 34 – Interim Financial Reporting*" in compliance with International Financial Reporting Standards as adopted by the European Union (the "**EU**") ("**IFRS**"), including the unaudited comparative consolidated financial information as at and for the nine months ended September 30, 2021 (the "**Interim Consolidated Financial Information**"), (ii) Koskisen's audited consolidated financial statements prepared in accordance with IFRS for the years ended December 31, 2021 and 2020 (the "**IFRS Audited Consolidated Financial Statements**"), (iii) Koskisen's audited consolidated financial statements as at and for the year ended December 31, 2020, prepared in accordance with the Finnish Accounting Standards ("**FAS**") (the "**2020 FAS Audited Consolidated Financial Statements**") and (iv) Koskisen's audited consolidated financial statements as at and for the year ended December 31, 2019, prepared in accordance with FAS (the "**2019 FAS Audited Consolidated Financial Statements**" and, together with the 2019 FAS Audited Consolidated Financial Statements, the "**FAS Audited Consolidated Financial Statements**"). The FAS Audited Financial Statements together with the IFRS Audited Consolidated Financial Statements are referred to as the "**Audited Consolidated Financial Statements**," and the Interim Consolidated Financial Information together with the Audited Consolidated Financial Statements are referred to as the "**Consolidated Financial Information**."

The following tables set forth Koskisen's key figures as at the dates and for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,	
	2022	2021	2021	2020
	(IFRS)			
	(unaudited)		(audited, unless otherwise indicated)	
	(EUR in thousands, unless otherwise indicated)			
Consolidated income statement data				
Revenue	240,208	219,343	311,464	219,957
Operating profit (loss)	50,324	32,958	52,711	2,233
Operating profit margin, percent	21.0	15.0	16.9(1)	1.0(1)
Profit (loss) for the period attributable to owners of the parent company	34,725	18,156	29,240	(3,278)
Earnings per Share, basic(2), EUR	2.34	1.44	2.32(1)	(0.26)(1)
Earnings per Share, diluted(2), EUR	2.34	1.44	2.32(1)	(0.26)(1)
Consolidated cash flow statement data				
Net cash flows from operating activities	30,470	27,522	48,836	4,160
Net cash flows from investing activities	(13,432)	(8,140)	(19,622)	(3,724)
Net cash flows from financing activities	(11,800)	(3,736)	(6,291)	(5,093)

(1) Unaudited.

(2) The earnings per Share, basic, and earnings per Share, diluted, figures for the nine months ended September 30, 2022 and 2021, and for the years ended December 31, 2021 and 2020, have been adjusted retrospectively for the effects of the share issue without consideration as resolved by the extraordinary general meeting of shareholders of the Company as at October 31, 2022. The earnings per Share, basic, and earnings per Share, diluted, figures for the nine months ended September 30, 2021, and for the years ended December 31, 2021 and 2020, have been adjusted retrospectively for the effects of the proportion without consideration of the directed share issue as resolved unanimously by the shareholders of the Company as at August 25, 2022, and for the share issue without consideration as resolved by the extraordinary general meeting of shareholders of the Company as at April 26, 2022. Taking into account the abovementioned share issues, the number of Shares used to calculate earnings per Share, basic, and earnings per Share, diluted, for the nine months ended September 30, 2022, was 14,850,928 and the number of Shares used to calculate earnings per Share, basic, and earnings per Share, diluted, for the nine months ended September 30, 2021, and for the years ended December 31, 2021 and 2020, was 12,600,000. As at the date of this Offering Circular, the number of Shares is 17,779,606.

	For the year ended December 31,	
	2020	2019
	(FAS)	
	(audited, unless otherwise indicated)	
	(EUR in thousands, unless otherwise indicated)	
Consolidated income statement data		
Revenue	219,957	264,162
Operating profit (loss)	1,717	3,213
Operating profit margin	0.8(1)	1.2(1)
Profit (loss) for the period	(1,970)	(1,038)
Consolidated cash flow statement data		
Net cash flows from operating activities	2,382	21,147
Net cash flows from investing activities	(3,939)	(4,825)
Net cash flows from financing activities	(3,000)	(4,500)

(1) Unaudited.

	As at September 30, 2022	As at December 31, 2021	2020	2019[1]
	(unaudited)	(IFRS) (audited, unless otherwise indicated) (EUR in thousands)		(unaudited)
Consolidated balance sheet data				
Total assets	220,145	200,306	151,776	155,174
Total equity	100,339	58,820	20,404	24,625
Net debt	13,439	34,067[2]	71,436[2]	65,177

(1) Koskisen's consolidated balance sheet information as at December 31, 2019, equals the unaudited opening statement of financial position as at January 1, 2020, prepared in connection with the adoption of IFRS.

(2) Unaudited.

There are no qualifications in the audit reports relating to the Audited Consolidated Financial Statements.

What Are the Key Risks that are Specific to the Issuer?

- Significant disruptions in or the suspension of Koskisen's production, deliveries, or damage to or destruction or closure of Koskisen's production facilities, or disruptions in the transfer of production to the New Järvelä Unit, would materially undermine Koskisen's ability to distribute its products to its customers and adversely affect its business and results of operations;
- Koskisen operates within cyclical sawn timber and panel industry markets and unfavorable developments in economic conditions may reduce demand for Koskisen's products or operational profitability, which may adversely affect Koskisen's business operations, results of operations and financial condition;
- fluctuations in wood prices, disruptions of procurement of wood, increases in energy costs or energy supply disruptions, particularly as a result of sanctions and other restrictions against Russia and Belarus, could cause disruptions in Koskisen's operations, cause significant costs and have a material adverse effect on Koskisen's profitability;
- Koskisen's business entails risks related to environmental contamination and environmental damage;
- Koskisen's business entails safety and health risks, such as accidents or injuries in its production facilities, which could result in a liability for Koskisen to compensate damages as well as delays and disruptions in deliveries of Koskisen's products and services;
- Koskisen may not necessarily obtain financing on competitive terms or at all;
- Koskisen may fail to successfully implement its strategy or successfully adapt its strategy, which could have a material adverse effect on Koskisen's business, financial condition and/or results of operations;
- Koskisen may lose significant customers, which may have a material adverse effect on Koskisen's business and profitability;
- disruptions or delays in Koskisen's distribution logistics or increased logistics expenses may have a material adverse effect on Koskisen's business and results of operations; and
- Koskisen operates in a competitive sector, and should the competition intensify, Koskisen may not be able to keep up its volume of business operations or profit margins.

Key Information on the Securities

What Are the Main Features of the Securities?

The Shares are registered in the Finnish book-entry system maintained by Euroclear Finland Ltd ("**Euroclear Finland**"). As at the date of this Offering Circular, Koskisen has one share class. Each Share entitles its holder to one vote at the general meetings of shareholders of the Company and Shares carry equal rights to dividends and other distributions by the Company. The rights attached to the Shares include, among others, pre-emptive rights to subscribe for new shares in the Company, the right to participate and exercise voting power at the general meetings of shareholders of the Company, the right to dividend and distribution of other unrestricted equity, and the right to demand redemption at a fair price from a shareholder that holds shares representing more than 90 percent of all the shares and votes in the Company, as well as other rights generally available under the Finnish Limited Liability Companies Act (624/2006, as amended) (the "**Finnish Companies Act**"). The Shares are freely transferrable. The Shares have no nominal value. The trading code of the Shares will be KOSKI and the ISIN code will be FI4000533005. The Company will issue preliminarily 4,780,801 New Shares and the number of the Shares may increase preliminarily to a maximum of 23,038,487 Shares if all the New Shares preliminarily offered in the Offering are subscribed for in full, and assuming that the Over-allotment Option will be exercised in full. Offer Shares carry rights equal to all other Shares and they will entitle their holders to dividends and other distributions of funds (including the distribution of funds in the event of insolvency of the Company) as well as other rights related to the Shares.

The Board of Directors of the Company has adopted a dividend policy pursuant to which the Company aims to pay an attractive dividend in accordance with its strategy, investment requirements, financial position and market outlook. The Company aims to pay a dividend equal to no less than one-third of its net profit annually. The Board of Directors of the Company has preliminary assessed to propose to the general meeting of shareholders of the Company in 2023 that the Company would pay a EUR 10 million dividend in 2023 in deviation from the dividend policy due to Koskisen's forecast strong year 2022. The final resolution on the payment of the dividend will be made by the Company's annual general meeting of shareholders in the spring of 2023.

Where Will the Securities Be Traded?

The Company will submit a listing application to Nasdaq Helsinki for the Shares to be listed on the Official List of Nasdaq Helsinki. Trading on the Shares on the Official List of Nasdaq Helsinki on or about December 1, 2022.

What Are the Key Risks that Are Specific to the Securities?

- The amount of any dividends paid by the Company in any given financial year is uncertain, and there is no assurance that dividends will be paid;
- the Shares have not been previously subject to public trading, and, thus, the market price of the Shares may be volatile and an orderly and liquid trading market may not develop;
- the Listing will result in additional costs for the Company, and the Company may fail to implement functions required from a listed company;
- the conditions for the Offering may not be fulfilled; and
- the interests of major shareholders may differ from those of other shareholders.

Key Information on the Offer of the Securities to the Public and the Admission to Trading on a Regulated Market

Under which Conditions and Timetable Can I Invest in this Security?

General

In the Offering, the Company aims to raise gross proceeds of approximately EUR 29.3 million by offering preliminarily a maximum of 4,780,801 New Shares for subscription (assuming that a maximum of 72,332 New Shares are offered in the Personnel Offering).

The Offering consists of (i) a public offering to private individuals and entities in Finland (*i.e.*, the Public Offering), (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally (*i.e.*, the Institutional Offering) and (iii) a personnel offering to the Personnel (*i.e*., Personnel Offering). Preliminarily a maximum of 262,944 Offer Shares are offered in the Public Offering. Preliminarily a maximum of 4,923,605 Offer Shares are being offered in the Institutional Offering. Preliminarily a maximum of 72,332 New Shares (the "**Personnel Shares**") are being offered for subscription in the Personnel Offering. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering, Institutional Offering and Personnel Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 262,944 Offer Shares or, if the aggregate number of Offer Shares covered by subscription Commitments (as defined below) submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by subscription Commitments.

The Offer Shares represent preliminarily a maximum of approximately 21.2 percent of the Shares and votes vested by the Shares after the Offering assuming that the Over-allotment Option will not be exercised (approximately 22.8 percent assuming that the Over-allotment Option will be exercised in full), and assuming that the Company will issue 4,780,801 New Shares.

Varma Mutual Pension Insurance Company, Elo Mutual Pension Insurance Company, Stephen Industries Inc Oy and UB Fund Management Company Ltd (*i.e.*, the Cornerstone Investors) have given subscription undertakings in relation to the Offering, under which they commit to subscribe for Offer Shares at the Subscription Price subject to certain provisions and subject to the condition that the value of the Company's existing Shares does not exceed approximately EUR 109 million.

The Company's Board of Directors will, in consultation with the Global Coordinator, decide on the execution of the Offering, the final number of Offer Shares and the allocation of Offer Shares on or about November 30, 2022 (the

"**Completion Decision**"). The above information will be published through a stock exchange release after the Completion Decision and be available on the Company's website at *www.koskisen.fi/en/IPO*, on Nordea's website at *www.nordea.fi/koskisenIPO-en* and on Nordnet's website at *www.nordnet.fi/koskisen* no later than the business day following the Completion Decision on or about December 1, 2022.

Over-allotment Option

The Company is expected to grant to the Stabilizing Manager the Over-allotment Option to subscribe for a maximum of 478,080 Optional Shares at the Subscription Price solely to cover over-allotments in connection with the Offering, exercisable within 30 days from the commencement of trading in the Shares on the Official List of Nasdaq Helsinki, which would entitle the Stabilizing Manager. Assuming that the Over-allotment Option is exercised in full, the number of Offer Shares amounts to 5,258,881.

Subscription Price and Period

The Offer Shares are being offered in the Public and Institutional Offering at the Subscription Price of EUR 6.14 per Offer Share. The subscription price in the Personnel Offering is 10 percent lower than the Subscription Price, meaning that the subscription price in the Personnel Offering is EUR 5.53 per Offer Share. The Subscription Price may be changed during the subscription period, however, so that in the Public Offering the Subscription Price will be no more than the original Subscription Price of EUR 6.14 per Offer Share. Possible change would be communicated through a stock exchange release and on the internet at *www.koskisen.fi/en/IPO*. If the Subscription Price is changed, the Finnish Prospectus will be supplemented and the supplement will be published through a stock exchange release.

The subscription period for the Public Offering will commence on November 21, 2022, at 10:00 a.m. (Finnish time) and end on or about November 28, 2022, at 4:00 p.m. (Finnish time). The subscription period for the Institutional Offering will commence on November 21, 2022, at 10:00 a.m. (Finnish time) and end on or about November 30, 2022, at 11:00 a.m. (Finnish time). The subscription period for the Personnel Offering will commence on November 21, 2022, at 10:00 a.m. (Finnish time) and end on or about November 28, 2022, at 4:00 p.m. (Finnish time).

The Company's Board of Directors is entitled to extend the subscription periods of the Public, Institutional and Personnel Offerings. A possible extension of the subscription period will be communicated through a stock exchange release, which will indicate the new end date of the subscription period. The subscription periods of the Public, Institutional and Personnel Offerings will in any case end on December 5, 2022, at 4:00 p.m. (Finnish time) at the latest. The subscription periods of the Public, Institutional and Personnel Offerings can be extended independently of one another. A stock exchange release concerning the extension of a subscription period must be published no later than on the estimated final dates of the subscription periods for the Public, Institutional or Personnel Offerings stated above.

Cancellation in Accordance with the Prospectus Regulation

If the Finnish Prospectus is supplemented in accordance with the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy which may affect the assessment of the Offer Shares and which has become known after the Finnish Financial Supervisory Authority has approved the Finnish Prospectus, but before trading in the Offer Shares begins on the Official List of Nasdaq Helsinki (the "**Grounds for Supplement**"), investors who have subscribed for Offer Shares (a "**Commitment**") before the supplement is published shall, in accordance with the Prospectus Regulation, have the right to withdraw their Commitments within three business days after the supplement of the Finnish Prospectus has been published. The cancellation right is further conditional on that the Grounds for Supplement have become known prior to the end of the subscription period.

The Company will announce cancellation instructions through a stock exchange release. The stock exchange release will also announce the investors' right to cancel subscriptions, the period within which subscriptions may be cancelled and more detailed instructions on cancellation. After the end of the cancellation period, the right of cancellation will lapse.

Trading in the Shares

Before the Offering, the Shares have not been subject to trading on a regulated market or a multilateral trading facility. The Company will submit a listing application to Nasdaq Helsinki for the Shares to be listed on the Official List of Nasdaq Helsinki. Trading of the Shares is expected to commence on the Official List of Nasdaq Helsinki on or about December 1, 2022. The trading code of the Shares is KOSKI and the ISIN code is FI4000533005.

When the trading on the Official List of Nasdaq Helsinki commences on or about December 1, 2022, not all of the Offer Shares may necessarily have been fully transferred to the investors' book-entry accounts. If an investor wishes to sell Offer Shares subscribed for by it in the Offering, the investor should ensure that the number of Shares registered to its book-entry account covers the transaction in question at the time of clearing.

Fees and Expenses

The Company will pay the Global Coordinator a fee that is determined on the basis of the gross proceeds from the New Shares and Optional Shares. In addition, the Company undertakes to reimburse the Global Coordinator for certain expenses. In connection with the Offering, the Company expects to pay total fees and expenses of approximately EUR 4.9 million (assuming that the Over-allotment Option will not be exercised and that the discretionary fee will be paid in full).

Dilution of Ownership

The maximum number of New Shares preliminarily offered in the Offering represents 21.2 percent of the Shares after the completion of the Offering. In the event that existing shareholders of the Company do not subscribe for Shares in the Offering, their total holdings in the Company would be diluted by 26.9 percent, assuming that the Company will issue 4,780,801 New Shares.

Who is the Offeror and/or the Person Asking for Admission to Trading?

The Company will submit an application to Nasdaq Helsinki for the Shares to be listed on the Official List of Nasdaq Helsinki. The Company aims to raise gross proceeds of approximately EUR 29.3 million by offering New Shares for subscription.

Why Is this Offering Circular being Produced?

This Offering Circular has been prepared and published by Koskisen in order to offer Shares to the public and to apply for the trading of the Shares on the Official List of Nasdaq Helsinki.

Reasons for the Offering

The objective of the Offering is to enable Koskisen to implement its growth strategy. The Offering will enable the Company to obtain access to capital markets, expand its ownership base and increase the liquidity of the Shares. The Listing and increased liquidity would also make it possible to use the Shares more effectively as consideration in potential future acquisitions. Additional visibility is also expected to further increase Koskisen's recognition among the public and customers and as an employer.

Use and Estimated Amounts of Proceeds

The Company aims to raise gross proceeds of approximately EUR 29.3 million by offering New Shares for subscription. The Company expects to use the net proceeds from the Offering to investments supporting Koskisen's growth strategy, including efficiency measures, capital expenditure for machinery and equipment and site infrastructure, potential future transactions, as well as for general corporate purposes.

Interests Related to the Offering

The fees to be paid to the Global Coordinator are, in part, linked to the proceeds from the Offering. The Global Coordinator is among the lenders in the Company's Facilities Agreement (as defined below).The Global Coordinator, as well as other entities in the same group, may purchase and sell the Shares for their own or their customers' account prior to, during and after the Offering subject to applicable legislation and regulations. The Global Coordinator, as well as other entities in the same group, have provided and may in the future provide to the Company investment or other banking services in accordance with their ordinary business.

Applicable Laws and Dispute Resolution

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by the court of competent jurisdiction in Finland.

RISK FACTORS

An investment in Koskisen involves a number of risks, many of which are inherent in Koskisen's business and could be significant. Investors should carefully review the information contained in this Offering Circular, and in particular, the risk factors described below. The following description of risk factors is based on information known and assessed on the date of this Offering Circular and, therefore, is not necessarily exhaustive. Some of these factors are potential events that may or may not materialize. Should one or more of the risk factors described in this Offering Circular materialize, it could have a material adverse effect on Koskisen's business, financial condition and/or results of operations. Koskisen also faces additional risks not currently known or not currently deemed material, which could also have a material adverse effect on Koskisen's business, financial condition and/or results of operations. The market price of the Shares could decline due to the realization of these risks, and investors could lose part or all of their investment.

The risk factors presented herein have been divided into five categories based on their nature. These categories are:

- *risks related to Koskisen's operating environment;*
- *risks related to Koskisen's business;*
- *risks related to financial condition and financing;*
- *risks related to the Shares; and*
- *risks related to the Offering and the Listing.*

Within each category, the risk factor estimated to be the most material on the basis of an overall evaluation of the criteria set out in the Prospectus Regulation is presented first. However, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialization. The order of the categories does not represent any evaluation of the materiality of the risk factors within that category, when compared to risk factors in another category.

Risks Related to Koskisen's Operating Environment

Koskisen operates within cyclical sawn timber and panel industry markets, and uncertainties and unfavorable developments in economic conditions may reduce demand for Koskisen's products or profitability, which may adversely affect Koskisen's business operations, results of operations and financial condition.

In general, the sawn timber and panel industries in which Koskisen operates are cyclical in nature and subject to changes in general economic conditions. The main product categories of Koskisen include sawn and further processed timber, plywood, thin plywood, veneer and chipboard. The construction industry is the largest end-market served by Koskisen, followed by logistics, furniture and packaging industries. Accordingly, Koskisen is affected by changes in economic conditions that affect demand in these industries. A lower or negative level of general economic activity and investments made for example in construction, furniture and logistics industries could have material adverse effects on the overall demand and profitability for sawn timber and panels industries. In addition, accelerating inflation may adversely affect the consumer demand for, for example, do-it-yourself ("**DIY**"), furniture and construction projects, which may have a material adverse effects on the overall demand and profitability on the sawn timber and panel industries. For more information on recent economic trends affecting the sawn timber and panel industries, see "*Industry and Market Overview*."

In recent years, general economic conditions in Koskisen's markets have been particularly affected by the outbreak of SARS-CoV-2 ("**COVID-19**") since the beginning of 2020 and the Russian military action against Ukraine since February 2022. Risks related to the COVID-19 pandemic are described under "*—The effects of the outbreak of COVID-19 pandemic or any other similar epidemics may disrupt Koskisen's operations and cause significant costs*" below. Currently, the Russian military action in Ukraine is creating significant political and economic uncertainty. Although the length, impact and outcome of the ongoing war in Ukraine is highly unpredictable, this conflict has already added economic concerns, including increasing commodity prices, inflationary pressure, rising interest rates, supply chain interruption and deteriorating financing conditions. Since February 2022, following Russia's military actions in Ukraine, the United States, the EU and the United Kingdom, among others, have imposed several tranches of economic sanctions on Russia and also Belarus. The economic sanctions imposed on Russia and Belarus and Russia's counter sanctions or other retaliatory measures and the heightened tensions between Russia and the rest of Europe and the United States over events in Ukraine could have a prolonged material adverse effect on global financial market conditions and the economy. Following the start of Russia's military actions in Ukraine, Koskisen decided to shut down its operations in Russia, and Koskisen's subsidiary OOO Koskisilva ("**Koskisilva**") was sold to an external buyer during the summer of 2022. In addition, as at the date of this Offering Circular, Koskisen is finalizing the sale of its subsidiary, OOO Koskiles ("**Koskiles**"), to an external buyer. The aim is to complete the sale during the first quarter of 2023, at the latest. The transaction is intended to be completed once the relevant local authorities have given their approval for the transaction. There can be no assurance that the sale of Koskiles will be completed in the planned timetable or at all. Koskisen has terminated the operations of Koskiles and has no actual business operations in Russia as at the date of this Offering Circular. Koskiles is a company of four employees and, as at the date of this Offering Circular, there are no material items related to Koskiles on Koskisen's consolidated balance sheet and Koskiles has no obligations towards the customers. Although Koskisen no longer has operations in Russia, the Company has sourced a smaller portion of its raw materials, in particular birch, from Russia in the past. See "*—Fluctuations in wood prices, disruptions of procurement of wood, increases in energy costs or energy supply disruptions, particularly as a result of sanctions and other restrictions against Russia and Belarus, could cause disruptions in Koskisen's operations, cause significant costs and have a material adverse effect on Koskisen's profitability*" below.

In addition, concerns about credit risk (including that of sovereigns) and the Eurozone crisis have increased, especially with the presence of significant sovereign debts and/or fiscal deficits in a number of European countries and the United States. This has raised concerns regarding the financial condition of financial institutions and other corporates located in these countries, having direct or indirect exposure to these countries, and/or whose banks, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries.

Any economic downturn or slowing in economic growth, due to the COVID-19 pandemic, Russia's military action in Ukraine or otherwise, could have a material adverse effect on industries that Koskisen serves and, accordingly, Koskisen's business, financial condition or results of operations.

Fluctuations in wood prices, disruptions of procurement of wood, increases in energy costs or energy supply disruptions, particularly as a result of sanctions and other restrictions against Russia and Belarus, could cause disruptions in Koskisen's operations, cause significant costs and have a material adverse effect on Koskisen's profitability.

Wood is the most important raw material used in the production of Koskisen's products. Accordingly, Koskisen's profitability is particularly exposed to fluctuations in timber prices, which have historically fluctuated based on global end product market prices. Koskisen purchases most of its wood in Finland from thousands of private forest owners, whose forest are mainly located in southern and eastern Finland. In 2021, approximately 80 percent of the wood was purchased from private forest owners in Finland. Historically, a smaller part of Koskisen's birch logs has been imported, mainly from Russia. However, the certification of Russian-sourced wood ended in April 2022, and, as of July 8, 2022, imports of wood from Russia were banned by the EU, and therefore, Koskisen relies mainly on Finnish suppliers as at the date of this Offering Circular. Although Koskisen has not imported birch logs from Russia after the first quarter of 2022, this has not had a significant impact on the availability of wood raw material for Koskisen, as Koskisen has been able to replace its needs with domestic sources. It remains highly uncertain how the cessation of Russian and Belarusian wood imports (birch in particular) will impact Koskisen and the local market for wood and consequent prices and availability of wood in Finland in the longer term. The timber industry is generally sensitive to price fluctuations, and if prices increase locally for timber supplies, Koskisen may be unable to reflect such local price increases in its product pricing, as the pricing of its products are based on global market prices rather than local ones. For more information, see "*Operating and Financial Review—Key Factors Affecting Results of Operations—Cost of Wood and Other Raw Materials*" and "*Operating and Financial Review—Key Factors Affecting Results of Operations—Product Pricing and Competition*." Other factors affecting the price of wood include supply, energy costs, capacity and inventory levels of suppliers, disruptions in infrastructure, regulation, sanctions, export restrictions, the level of import duties, exports and demand, among other users. In addition to cessation of Russian and Belarusian wood imports, climate change and extreme weather phenomena, mild winters and insect damages caused by climate change as well as tightening, Finnish or EU level, regulation restricting use of forests and regulating their saving may also affect availability of wood.

In addition to the rising wood prices, increases in energy costs, such as electricity prices, which have risen significantly during 2022, affect the Company's results of operations. Koskisen may have a limited ability to control the timing and amount of changes to prices that it pays for wood and energy and Koskisen may be unable to increase its product prices in sufficient time to fully offset increasing wood and energy prices. Koskisen's ability to transfer increases in wood and energy costs to its customers is dependent on, among others, its contractual relationships with its customers and the market situation. To the extent Koskisen is not able to transfer increases in costs to its customers, or if there was a significant delay in its ability to do so, it could have a material adverse effect on Koskisen's profitability. Any significant interruptions in Koskisen's production caused by disruptions in energy supply or the availability of wood may have an adverse effect on Koskisen's business in the short term. Koskisen may not be able to acquire wood from substitute sources in a sufficiently timely manner, or may have to acquire these at a higher price, thereby affecting its profitability adversely.

Although Koskisen and its current key personnel have significant experience in pricing products and services, it is possible that that the costs of raw materials and/or energy increase unexpectedly and the Company fails to transfer the costs to the end customers, or the Company will fail in assessing the costs required for products, services or related deliveries. This risk is particularly accentuated in the case of new products or services, or if changes are made to order or pricing procedures. If Koskisen is unable to source an adequate or sufficient supply of wood, or offset price increases in wood and energy, whether through price increases or otherwise, or should there be significant disruptions in their availability, this could have a material adverse effect on Koskisen's profitability and/or product margins.

Koskisen operates in a competitive sector, and should the competition intensify, Koskisen may not be able to keep up its volume of business operations or profit margins.

Koskisen produces and sells a variety of wood products and the competition for these products is fragmented in the markets in which Koskisen operates. Koskisen's competitive environment varies between product categories, but in general, Koskisen competes with other international players and foreign competitors operating in local markets as well as with local Finnish competitors. For the year ended December 31, 2021, 38 percent of Koskisen's revenue was generated from Finland, 33 percent from the EU and 29 percent from other countries, mainly the United Kingdom and the Asian market where Japan is an important market for the Company (for the year ended December 31, 2020, 43 percent of revenue was generated from Finland, 34 percent from other EU countries and 23 percent from other countries). For more information, see "*Industry and Market Overview—Competitive Environment*."

Even though the markets in which Koskisen operates are fragmented, Koskisen's competitors may consolidate, establish consortiums or aim to expand their operations in the future, which may increase competition in Koskisen's markets. In addition, entry of new competitors could potentially intensify the competition in wood procurement and thus affect Koskisen's ability to purchase raw wood from the forest owners at a competitive price, which could have an adverse effect on Koskisen's business, growth opportunities and profitability. Especially if Koskisen's competitors decide to invest in Finland, or if larger buyers of wood would shift their sourcing to Finland, Koskisen's sales, profitability and market share could decline, which, in turn, could have a material adverse effect on Koskisen's business, financial condition and/or results of operations. Koskisen could also face competitive pressure from new entrants in the future.

Furthermore, if Koskisen is unable to successfully anticipate and identify changing customer preferences, Koskisen could lose its market share, its sales development may be slower than expected, and it may be forced to rely on price reductions to dispose of excess or slow-moving inventory or to make significant investments in the future to remain competitive. Any of these could have a material adverse effect on Koskisen's business, financial condition and/or results of operations. Koskisen's current and potential future competitors may also improve and expand their product assortments and geographical reach in order to better meet customer needs and attract new customers.

If Koskisen fails to respond to changes in the competitive situation in the markets in which Koskisen operates due to the reasons described above or otherwise, this could have a material adverse effect on Koskisen's business, financial condition and/or results of operations.

The effects of the outbreak of COVID-19 pandemic or any other similar epidemics may disrupt Koskisen's operations and cause significant costs.

The ongoing COVID-19 pandemic has caused significant disruption in the global economy and the geographical markets in which Koskisen operates. The spread of COVID-19 has caused reduction in business activity and financial transactions, lockdowns, quarantines, labor shortages, supply chain interruptions and overall economic and financial market instability. Although the COVID-19 pandemic has affected Koskisen's business, particularly certain segments of Koskisen's products, such as the panel industry and specifically plywood, such effects have been relatively limited, thus far. For example, the COVID-19 pandemic has increased consumer DIY and construction projects, which positively impacted demand for sawn timber, whereas, correspondingly, the effects of the COVID-19 pandemic negatively impacted, for example, demand within the panel industry mainly due to lockdowns in Eastern and Central Europe and global supply chain challenges affecting the automotive and logistics industry, one of the key markets for plywood. While there have not been any material production stoppages or impacts, there can be no assurance that outbreaks in Koskisen's production facilities will not occur that may cause production delays. In addition, further restrictions imposed due to COVID-19 may continue for extended periods of time or such restrictions may be broadened further, which may cause, for example, further shortages of raw materials or delays in deliveries from Koskisen's suppliers. Any of the abovementioned risks could result in business disruption and additional costs, which, in turn, could have a material adverse effect on Koskisen's business, financial condition and/or results of operations.

In addition, possible restrictions related to COVID-19 may adversely affect the operations of Koskisen's customers. Should Koskisen's customers be forced to pause or cease their operations due to COVID-19, as was the case during Spring 2020, this could adversely affect Koskisen's operations. The uncertainty caused by COVID-19 may also trigger unfavorable developments more broadly in the economy, which may decrease Koskisen's orders. Should any of these risks materialize, this could further affect the operations and confidence of Koskisen's customers, which could adversely affect the demand of Koskisen's products and services.

Risks Related to Koskisen's Business

Significant disruptions in or the suspension of Koskisen's production, deliveries, or damage to or destruction or closure of Koskisen's production facilities, or disruptions in the transfer of production to the New Järvelä Unit, would materially undermine Koskisen's ability to distribute its products to its customers and adversely affect its business and results of operations.

Koskisen produces all of its products in-house. In-house production is a cornerstone of Koskisen's operations, providing it with control over quality and the health and environmental aspects of its production. Koskisen's production facilities are located in Järvelä and Hirvensalmi, Finland, and Toporów, Poland.

As Koskisen's production mainly relies on production facilities owned by it, events that would cause significant disruptions in or the suspension of Koskisen's production facilities could materially affect Koskisen's ability to deliver its products to its customers in a timely manner. Koskisen's production facilities may be damaged or destroyed or they may be closed or the equipment on the premises may be damaged due to, for example, fire, explosion, accident, natural disaster or equivalent unforeseen events beyond Koskisen's control. Such events or incidents could result in material disruptions and delays in Koskisen's production and in Koskisen not necessarily being able to fulfill its obligations to its customers. In addition, other unforeseen events and circumstances, such as wars, epidemics or prolonged break-down of information systems or energy infrastructure may directly or indirectly adversely affect Koskisen's business. For example, it has been predicted that Finland, among other countries, may suffer from energy disruptions and scheduled power outages already in late 2022 or early 2023. Such energy disruptions may prevent the Company from producing its products in full capacity and therefore Koskisen may face challenges in fulfilling its contractual obligations. Although Koskisen has force majeure clauses in most of its agreements to protect it against any unforeseen events or circumstances, such clauses are often subject to interpretation and may result in disagreements and legal proceedings.

Koskisen is currently building the New Järvelä Unit, where production is expected to begin in stages during 2023 and 2024, as further described under "*Business—Production*." Koskisen estimates to invest approximately EUR 50 million in total in the New Järvelä Unit between 2021 and 2024. There can be no assurance that the New Järvelä Unit will be completed in the contemplated timetable and within the budget. A significant delay in ramp-up would result in delayed additional capacity and potential additional costs.

Due to the nature of the business and production facilities, Koskisen believes that the primary risk to its production facilities is fire hazards. Due to its customized production facilities, Koskisen may not be able to locate suitable alternative production facilities or transfer production to Koskisen's other production facilities or to subcontractor's production facilities, or to repair the damaged site or equipment in a timely and cost-effective manner, which could have a material adverse effect on Koskisen's business, financial condition and/or results of operations. Koskisen is also exposed to risks related to site security and occupational health and safety at its production facilities. Any failure to maintain high levels of safety management could result in physical injury, sickness (such as a COVID-19 infection of multiple employees) or impairment of Koskisen's reputation or inability to attract and retain skilled employees. For more information, see "—*Risks Related to Koskisen's Operating Environment—The effects of the outbreak of COVID-19 or any other similar epidemics may disrupt Koskisen's operations and cause significant costs*" above.

Koskisen may fail to successfully implement its strategy or successfully adapt its strategy, which could have a material adverse effect on Koskisen's business, financial condition and/or results of operations.

The successful implementation of Koskisen's strategy depends on a number of factors, some of which are partly or fully beyond Koskisen's control. For more information, see "*Business—Koskisen's Strategy.*" Koskisen may fail in the implementation of its strategy or the management of strategic risks. It is essential that Koskisen's personnel understand the strategy and what is required from them in connection with the execution of the strategy. Even if Koskisen's strategy is continuously being scrutinized and re-evaluated, there can be no assurance that the selected strategy is right or that it will be successful, or that it will be successfully implemented in the contemplated timetable, in particular if the market conditions or the operating environment change. Koskisen may also decide to amend its strategy and/or adopt supplementary strategies in response to changes in market conditions, regulatory framework or the operating environment, but there can be no assurance that the implementation of the changed strategy would be successful. Inorganic growth through mergers and acquisitions ("**M&A**") is one of Koskisen's strategic focus areas, but there can be no assurance that Koskisen will succeed in finding suitable acquisition targets or integrating possible acquisition targets into its own operations, in addition to which acquisitions may cause unpredictable risks and hidden liabilities to Koskisen. For example, as part of its strategy, Koskisen focuses on the sustainability megatrend that favors wood as a raw material. For example, many European countries have introduced, or are in the process of introducing, regulations that require increased use of wood in new construction. The EU has also announced its desire to see more wood construction. However, should there be a change in public and political support at Finnish or EU level for wood as a raw material due to protection of forests or otherwise, this could have a material impact on Koskisen's strategy and business. Failure in implementing or adapting Koskisen's strategy or an unsuccessful strategy itself may have a material adverse effect on Koskisen's business, financial condition and/or results of operations.

Koskisen may lose significant customers, which may have a material adverse effect on Koskisen's business and profitability.

Although Koskisen is not dependent on any specific customer or group of customers, the loss of its major customers, if cannot be replaced on similar terms, could have a material adverse effect on Koskisen's business, financial condition and/or results of operations. For the year ended December 31, 2021, Koskisen's top 20 customers accounted for 36 percent of Koskisen's revenue. Koskisen also has certain significant customers for its business segments' specific product groups and products' end-user segments. For more information on Koskisen's customers, see "*Business—Customers*." There is no certainty how quickly Koskisen would be able to find alternative buyers for its products should it lose one of these important customers.

Economic downturns, due to COVID-19 or otherwise, or restrictions related to COVID-19 may adversely affect the operations of Koskisen's customers. Should Koskisen's customers be forced to close their stores or cease their operations due to COVID-19 or otherwise, this could adversely affect the distribution and end-sale of Koskisen's products and, hence, Koskisen's results of operations. Financial and operational challenges experienced by Koskisen's customers could also affect Koskisen's ability to collect outstanding receivables fully, or at all, despite Koskisen's comprehensive credit insurances. See also "*—Risks Related to Koskisen's Operating Environment—The effects of the outbreak of COVID-19 pandemic or any other similar epidemics may disrupt Koskisen's operations and cause significant costs*" above.

The loss of major customers due to any of the foregoing or other factors, such as deterioration of business relationships, may have a material adverse effect on Koskisen's business, results of operations, financial condition and/or future prospects.

Koskisen's business entails risks related to environmental contamination and environmental damage.

Koskisen is exposed to environmental risks in its operations. Koskisen handles certain harmful substances, such as glues as well as hydraulic and other oils, at its production facilities, the handling of which involves a risk of contamination of the environment, environmental damage and health in case protective measures and equipment fail. Koskisen is required to maintain environmental permits as a consequence of its operations, and, for example, its facilities in Järvelä require more specific restrictions due to its location in a groundwater foundation area. Additionally, there are regular environmental inspections, and, in the past, there have been some complaints and requests for clarification from the relevant environmental authorities regarding noise and dust. Furthermore, the use and storing of fuels, lubricants, hydraulic and other oils and fluids at production facilities exposes Koskisen to environmental risks. As an example of a former environmental matter, Koskisen has been cleaning up groundwater pollution which was discovered in the late 1980s at one of its production facilities. Approximately 90 percent of the clean-up has been completed, and the process is expected to be finalized within the next five years. A provision of EUR 120 thousand in relation to this remediation liability remained on the balance sheet of Koskisen's consolidated financial statements as at December 31, 2021.

Although Koskisen aims to develop practices and products that comply with the principles of sustainable development, and to reduce the environmental impacts of its operations where possible, there can be no assurance that Koskisen will be able to prevent, detect or sufficiently clean up any possible environmental damage caused by its operations, which could result in additional costs, should Koskisen be held liable for compensating any such damage. Such liability could also adversely affect Koskisen's reputation, which could, in turn, result in reputational damage particularly with customers. Relevant authorities may also impose rehabilitation obligations or other obligations on Koskisen based on the environmental conditions of its production facilities or other properties, which could result in material costs. As some of the sites on which Koskisen's production facilities are located have a history of prior industrial activity, Koskisen may also incur costs to earlier contamination at its properties if, for example, the sites would be used for other than industrial purposes going forward even if Koskisen had sought to limit its liability contractually. In addition, obligations imposed by relevant authorities may give rise to a need for additional investment at production facilities, for example, and cause Koskisen to incur material costs.

Koskisen's business entails safety and health risks, such as accidents or injuries in its production facilities, which could result in a liability for Koskisen to compensate damages as well as delays and disruptions in deliveries of Koskisen's products and services.

Safety of its personnel is in a central role in Koskisen's operations. The frequency of various accidents and injuries in the timber industry may be higher than in many other industries. Timber and wood manufacturing facilities, given the use of heavy machinery, are such that serious or even fatal accidents may occur. Any of the potential accidents could inflict injuries to employees and external workforce, or third parties, which could result in a liability for Koskisen to compensate damages as well as delay delivery of its products and oblige Koskisen to take preventive or restoring measures. These and other costs and liabilities could have a material adverse effect on Koskisen business, financial position and results of operations, reputation and ability to recruit competent personnel.

Although serious accidents involving fatalities have not occurred at Koskisen, there can be no assurance that serious or even fatal accidents would not occur in the future, and minor incidents, such as broken limbs, have occurred in the past. Koskisen may fail to adequately manage the risks involved in occupational health and safety and Koskisen's safety-related instructions and processes monitoring safety and health, may not be sufficient. Koskisen monitors its accident frequency rate and is required to report certain accidents to the relevant regional administrative authorities as well as to certain certification bodies. As at the date of this Offering Circular, Koskisen had a lost time accident (an accident resulting in an employee being absent from the workplace for at least one full day, and which continues after the date of accident) ("**LTA**[1]") frequency rate of approximately 15, and Koskisen's target is 5 in the future. While Koskisen has safety measures in place, as well as reporting procedures and conducts accident investigations, Koskisen may also fail to investigate accidents adequately and monitor the development of occupational safety on different levels. Negligence in occupational safety could increase the number of fatal and serious accidents that cause permanent injury, which could expose Koskisen to the risk of additional costs, for example, in the form of corporate fines or occupational safety violations, claims for damages and the cost of early retirement. In addition, accident investigation conducted in collaboration with the authorities will incur costs. Materialization of any of these risks could lead to additional costs, loss of profits, reputational damage or potential compensation liabilities, which could have a material adverse effect on Koskisen's business, financial position, results of operations and prospects.

Disruptions or delays in Koskisen's distribution logistics or increased logistics expenses may have a material adverse effect on Koskisen's business and results of operations.

The Company's distribution facilities are located in conjunction with the Company's production facilities. Koskisen purchases transportation and logistics services from several logistics partners, who deliver Koskisen's products from production facilities of Koskisen to Koskisen's customers. The Company may encounter problems with its logistics partners, causing Koskisen to fail to deliver the ordered products to its customers in a timely manner or that Koskisen's customers may receive damaged products. Koskisen may also face other challenges in its logistics and distribution chain. For example, Koskisen usually uses road transportation in plywood and chipboard deliveries to the Central Europe, and such transportation form has from time to time suffered from a lack of drivers. In addition, Koskisen's sawn timber is delivered to Asia in sea containers, and the industry is currently facing availability challenges of sea containers, which may prolong the expected delivery times and cause delays in deliveries. Delivery problems may result in delays, contractual penalties or contract terminations. In addition, other types of failure or disruption in production and distribution logistics, for example in the case of logistics linked to raw materials, can have a negative impact on the Company's production and profitability. Furthermore, in addition to the possible challenges related to the transportation companies and distribution chain, the logistics expenses have increased in recent years. The possible failure of the Company in distribution logistics or increased logistics expenses could have a negative impact on Koskisen's production, business operations, performance and financial position.

Failure in recruiting competent management or personnel or loss of key personnel could have a material adverse effect on Koskisen's ability to carry out its operations.

Koskisen believes its personnel is one of its key competitive advantages in the markets in which it operates. The success of Koskisen's business and strategy depends on Koskisen's ability to attract and retain key management and other personnel, as well as Koskisen's ability to recruit, develop, train, motivate and retain competent personnel who have relevant qualifications. The Company may face challenges in recruiting young professionals in the future due to the locations of its production facilities far from large cities and services. If Koskisen does not have enough personnel or if it is not successful in recruiting and retaining enough competent personnel, it may not be in a position to fulfill all customer orders effectively, which could, in turn, lead to Koskisen losing customers to its competitors. This could have a material adverse effect on Koskisen's business, results of operations and future prospects.

Difficulties in maintaining and updating IT infrastructure, deficiencies in IT systems, and external cyber-attacks related to IT systems may have an adverse effect on Koskisen.

A failure of IT systems to perform as designed could disrupt Koskisen's business and have a material adverse effect on its revenue and results of operations. In addition, Koskisen's IT systems may be damaged or they may cease to function for numerous reasons, such as problems with ongoing IT system and IT service development projects, third-party service provider disruptions, power failures or major accidents, such as fires and natural disasters, and due to human errors, such as mistakes made by Koskisen's own employees. As an illustration of development projects that could expose Koskisen to risks related to its IT systems, Koskisen implemented a new wood procurement system in 2019, and plans to replace its accounting system over the coming years. Any element of Koskisen's new IT infrastructure and its potential updates and upgrades may involve wide-ranging transition stage risks or they could increase susceptibility to the risks described herein. Koskisen's IT systems and infrastructure may be vulnerable to cybersecurity risks, including direct or indirect cyberattacks, such as computer viruses and worms, phishing attacks, and penetrating or bypassing security measures in order to gain unauthorized access to Koskisen's information networks and systems. Exploitation of possible weaknesses in Koskisen's security controls could disrupt its business and cause leakage of sensitive information, theft of intellectual property and damage to Koskisen's reputation. Any of these risks could have a material adverse effect on Koskisen's business, financial condition and/or results of operations.

Deterioration of Koskisen's corporate reputation could adversely affect its business.

Koskisen believes that it is a trustworthy partner for its customers, and its good reputation as well as references and recommendations given by its existing customers plays a key role in both acquiring new customers as well as repeat business from existing customers and, therefore, the deterioration of customers' trust towards Koskisen and Koskisen's corporate reputation could adversely affect its business.

Koskisen's reputation may be harmed as a consequence of negative publicity concerning a variety of things relating to Koskisen's operations. For example, negative publicity may relate to occupational safety and workplace accidents, environmental incidents, disputes with customers, labor disputes, non-compliance with laws and regulations or Koskisen's internal policies, values and principles, including by its suppliers, or fulfilment of other obligations. In addition, negative public discussion regarding wood industry may have a material adverse effect on the entire industry and may therefore also affect Koskisen's business alongside with its competitors' business. Koskisen's brand image may also be diminished if it fails to deliver its products in a timely and efficient manner, maintain high ethical and social standards for all of its operations and activities or if it experiences other adverse events that affect its brand, image or reputation. Negative publicity may have an adverse effect on customer behavior regardless of whether they are based in fact or relate directly to Koskisen or the services it offers. Negative publicity may materially damage Koskisen's reputation and decrease trust in Koskisen among its current and potential customers as well as suppliers and forest owners. In addition, negative publicity may also decrease potential employees' interest towards the Company and complicate Koskisen's abilities to recruit and retain competent employees. Any direct or indirect harm to Koskisen's reputation or brand may have a material adverse effect on Koskisen's business, results of operations, financial condition and/or future prospects as well as present and potential future employees.

Koskisen may not be able to ensure compliance with all applicable quality, safety and sustainability requirements throughout its supply chain or uninhibited functionality of its supply chain, which could disrupt production and distribution of Koskisen's products.

Koskisen aims to always source its wood in a fully certified way primarily from thousands of private forest owners in Finland, whose forests are mainly located in southern and eastern Finland, and encourages wood certification also for its suppliers. Koskisen has limited or no control over its suppliers. However, selecting the right third-party suppliers is key to successful business strategy. Koskisen has thousands of suppliers, which are mainly located in Finland. Using third-party suppliers entails risks to Koskisen's business associated with errors, misconduct, availability, price, quality and delivery reliability, and problems encountered by other parties may adversely affect Koskisen's liability or operations. Koskisen aims to ensure that both its suppliers and the products they distribute satisfy certain quality, safety and sustainability requirements, however, Koskisen cannot control its third-party suppliers or their business practices and Koskisen's contractual remedies with respect to supplier practices are limited. Quality control in purchasing activities is based on the professional skills of Koskisen's purchasers and R&D engineers, the terms and conditions of the supply agreements, the supplier audits, the suppliers' references and other customer relationships, and on how suppliers document their activities and components and whether a supplier is a member of well-known cooperation alliances or organizations for improving ethics and sustainability. A lack of compliance with local labor laws or recognized ethical or environmental standards could lead Koskisen to seek alternative suppliers, which could increase its costs and result in delayed delivery of its products, product shortages or other disruptions to its operations. Koskisen expects its suppliers to comply with its code of conduct, however, there can be no assurance that the suppliers comply with it. Violation of anti-money laundering, bribery, environmental or labor or other laws by Koskisen's third-party suppliers or the divergence of a third-party supplier's labor or other practices from those generally accepted as ethical could also lead to liability and attract negative publicity for Koskisen and damage Koskisen's brand.

Industrial actions, such as strikes, may disrupt Koskisen's business.

Koskisen is subject to the risk of industrial actions, which could disrupt its business operations (or the business operations of its stakeholders) and adversely affect Koskisen's business, financial condition or results of operations. Koskisen itself may be subject to unforeseen strikes or other industrial action, or its business operations may otherwise be subject to industrial action (such as so-called 'support strikes'), which may lead to significant disruptions in Koskisen's operating business or even business interruption. Koskisen has experienced industrial action in the past, in the form of direct strikes as well as support strikes, which adversely affected Koskisen's production and sales volume as well as profitability. For example, Koskisen experienced a four-week-long support strike in February 2020, which adversely affected Koskisen's revenue, operating profit, EBIT margin, EBITDA, EBITDA margin and profit for the period. Industrial actions aimed at Koskisen, and any potential delays or lowered production numbers caused by this action, may therefore have a material adverse effect on Koskisen's business, financial position, operating result and future prospects.

Koskisen's insurance policies provide limited coverage, potentially leaving Koskisen uninsured against certain risks.

Koskisen's insurance policies include, among others, credit insurance, property insurance, business interruption insurance, management liability insurance, product liability insurance, environmental insurance, forest insurance, transport insurance and travel insurance for amounts believed to be consistent with industry practices. However, Koskisen is not fully insured against all risks, and insurance against all types of risks and catastrophic events may not be available on reasonable economic terms, or at all. For example, Koskisen's insurance coverage does not cover claims based on damages that are a consequence of pandemics, such as COVID-19, or claims based on the realization of certain business risks that are uninsurable by nature. The occurrence of an accident, such as a natural disaster or a large-scale fire, that causes losses in excess of limits specified under the relevant policy or is subject to material deductibles or self-insured retentions, could have a material adverse effect on Koskisen's business, financial condition and/or results of operations. In addition, Koskisen could be exposed to accidents arising from events not covered by insurance policies, which are inherently unpredictable in terms of both their occurrence and severity. Moreover, any accidents could, albeit that they are covered by Koskisen's insurance policies, lead to increased insurance premiums in the future and, therefore, increase Koskisen's operating costs. In addition, although material damages would be covered by Koskisen's insurances, the insurance does not cover any possible damages to Koskisen's brand or reputation. Koskisen's credit insurance policies may also change by excluding credit insurance coverage for a certain customer group or industry, which may have a material adverse effect on Koskisen's business and financial condition.

Risks Related to Financial Condition and Financing

Koskisen may not necessarily obtain financing on competitive terms or at all.

Koskisen currently finances its business and investments with operational cash flows and debt financing. For more information on Koskisen's financial liabilities and their maturities, see "*Operating and Financial Review—Liquidity and Capital Resources—Financial Liabilities and their Maturities*." As at September 30, 2022, the Company's financial liabilities amounted to a total of EUR 95,178 thousand, which, in addition to borrowings, included lease liabilities, derivative liabilities and trade payables. Sufficient cash flow is required for Koskisen's business and maintaining its ability to service its debt. There can be no assurance that Koskisen will be able to secure financing to a sufficient extent and on competitive terms to finance its business and investments. Changes in the macroeconomic environment or in the general financial markets may have an adverse effect on the availability, price and other terms of financing. For example, global financial markets have experienced in the past, and may also experience in the future, significant volatility and liquidity disruptions, which may adversely affect Koskisen's financing costs and access to financing and ultimately affect Koskisen's ability to finance its operations. Changes in the availability of equity financing and debt financing and in the terms of the financing available may have an effect on Koskisen's ability to invest in developing and growing its business in the future. If Koskisen is not able to obtain financing on competitive terms or at all, this may have a material adverse effect on Koskisen's business, financial condition and/or results of operations.

Fluctuations in foreign exchange rates could have a material adverse effect on Koskisen.

Due to the international nature of Koskisen's business, the Company is exposed to transactional and translation risks. Transactional risks arise when the trade currency of the goods and products is other than the domestic currency of the Company and its subsidiaries. Translation risks arise when the funds of the subsidiaries held in different currencies are translated into the Company's operating currency, the euro. Koskisen is exposed to transaction risk related mainly to the U.S. dollar and British pound sterling and translation risk related mainly to the Polish złoty. The sensitivity of Koskisen's profit (loss) for the period to changes in exchange rates arises primarily from changes to revenue and trade receivables denominated in U.S. dollars and a U.S. dollar denominated bank account, which was significant as at December 31, 2021 due to a significant increase in sales denominated in the U.S. dollars for the year ended December 31, 2021, compared to the year ended December 31, 2020. For the year ended December 31, 2021, a 10 percent increase in the EUR/USD exchange rate would have resulted in a EUR 3,056 thousand decrease in Koskisen's profit (loss) for the year (a decrease of EUR 1,388 thousand for the year ended December 31, 2020), and a 10 percent decrease in the EUR/USD exchange would have resulted in a EUR 3,056 thousand increase in Koskisen's profit (loss) for the year (an increase of EUR 1,388 thousand for the year ended December 31, 2020). The increase in the sensitivity of Koskisen's profit (loss) for the year for the year ended December 31, 2021, as compared to the year ended December 31, 2020, was attributable to an increase in revenue denominated in U.S. dollars.

Koskisen protects itself against transaction risk related to exchange rate fluctuations and uses foreign exchange forward contracts for the effects of currency fluctuations of the Company's operating currency, the euro, against U.S. dollar (*i.e.*, transactional risk). For more information on the management of financial risks, please see "*Operating and Financial Review—Financial Risk Management.*"

Covenants in Koskisen's financing agreements may restrict Koskisen's operations and financial flexibility, and Koskisen may have difficulties in complying with the conditions of its financing agreements, which may lead to early acceleration of financing agreements or increasing costs.

Parties that provide debt financing have imposed, and may in the future impose, covenants and other conditions on financing for the Company. For example, the existing Facilities Agreement (as defined below) includes typical financial covenants, such as net debt/EBITDA ratio and equity ratio. As at September 30, 2022, the Company's loans from financial institutions subject to financial covenants amounted to a total of EUR 23,691 thousand. A breach of any of the covenants in the Company's financing agreements may lead to the premature acceleration or cancellation of financing. This can weaken Koskisen's financial position, unless the Company is able to negotiate a solution with the parties that granted the financing. These covenants and other conditions may also affect the availability of financing to Koskisen and/or financial expenses in the future.

If Koskisen is not able to comply with the terms and conditions of its financing, including covenants, or if obtaining financing requires commitment to stricter terms and conditions in the future, this may have a material adverse effect on Koskisen's business, financial position, operating result and future prospects. In addition, if the Company is not able to comply with the conditions of its financing, this may lead to a premature acceleration of the Company's financial agreements.

Koskisen is investigating potential tax payment and other obligations pertaining to its overseas sales offices; tax costs could increase as a result of this investigation, changes to tax laws or their application or as a result of a tax audit.

Koskisen's tax burden depends on applicable tax laws and regulations and their application and interpretation. Changes in tax laws and regulations or their interpretation and application as well as possible changes in current tax rates may increase Koskisen's tax costs to a significant degree, which could have an adverse effect on Koskisen's financial condition and/or results of operations. In addition, Koskisen may at times be subject to tax audits conducted by national tax authorities. Tax audits or other auditing measures carried out by tax or other authorities, such as customs officials, could result in an imposition of additional taxes (such as income taxes, taxes at source and property, capital, transfer and value-added taxes), which could lead to an increase in Koskisen's tax liability.

Koskisen has or has had sales offices in Austria, China, Estonia, France, Germany, the Netherlands, Poland, Portugal, Spain, Sweden and the United Kingdom. Koskisen has appointed an external tax consultant to investigate whether a permanent establishment will be or has already retroactively been formed in such countries in accordance with local tax legislation. The formation of a permanent establishment typically causes tax payment and other liabilities which may remain as final costs in the country of such permanent establishment.

Possible mistakes in the interpretation of applicable tax laws and regulations from time to time or their changes may lead to tax increases or sanctions ordered by authorities, which may have an adverse retroactive and/or forward-looking effect on Koskisen's effective tax rate, business, net assets, financial position, cash flows and possible dividend paid to shareholders.

Actions of tax authorities and political environment of different countries may lead to conflicts between interpretations of different countries' tax authorities, increase the risk of multiple taxation as well as cause costs caused by litigations and other proceedings which relate to the taxation of Koskisen, its subsidiaries or possible permanent establishments. Governments' protectionist politics resulting in unexpected changes to tax laws related to foreign companies or to the interpretation of laws in certain countries may cause unexpected costs for Koskisen. Increases in Koskisen's tax liabilities for the abovementioned or other reasons may have a material adverse effect on the profitability of Koskisen's important operations, which may have a material adverse effect on Koskisen's operating result and financial position.

Credit losses could have an unfavorable effect on Koskisen's operating results.

Koskisen is exposed to credit and counterparty risk in its business, for example, in relation to suppliers and financial institutions (including credit insurance providers). Credit and counterparty risk refers to the risk of the counterparty being unable or unwilling to fulfill its obligation to Koskisen, which may result in credit loss. Credit and counterparty risk related to Koskisen's customers and suppliers arises from outstanding receivables or long-term agreements and long payment terms. Koskisen has not recorded any significant credit losses for the years ended December 31, 2021, 2020 and 2019, but there can be no assurance that Koskisen will not be exposed to higher credit losses in the future. Although the Company has not recorded significant credit losses, it has agreed to extend payment terms for some customers. A third-party credit insurance is included in all such receivables.

If one or more of Koskisen's contractual partners encounters payment difficulties or bankruptcy, the amount of Koskisen's credit losses may increase, which could result in a reduction of Koskisen's liquidity and consequently have a material adverse effect on Koskisen's business, financial condition and/or results of operations.

Risks Related to the Shares

The amount of any dividends paid by the Company in any given financial year is uncertain, and there is no assurance that dividends will be paid.

Under the provisions of the Finnish Companies Act, the amount distributed by the Company as dividends may not exceed the amount of distributable funds shown on its latest unconsolidated parent company audited financial statements adopted by the general meeting of shareholders. Any possible distribution of dividends in respect of a financial period depends on the Company's and its subsidiaries' results of operations, financial condition, cash flow, need for working capital, investments, future outlook, terms of its financing agreements and other factors. Under the Finnish Companies Act, the distribution of dividends is not permitted if it would jeopardize the Company's solvency. The Board of Directors of the Company has adopted a dividend policy for the Company. Notwithstanding this policy, the Company will evaluate the preconditions for the distribution of dividends annually, taking into consideration a number of factors, including Koskisen's capital structure, future revenue, profits, financial position, general economic and business conditions, and future prospects; the ability of the Company's subsidiaries to pay dividends or otherwise transfer funds to the Company; and such other factors as the Board of Directors of the Company may deem relevant. The amount of any dividends paid by the Company in any given financial year is, thus, uncertain and the amount of dividends to be distributed on a single year may differ significantly from the target level set in the dividend policy. In addition, there can be no assurance that any dividend will become payable. Further, the dividends paid by the Company for certain financial period are not an indication of the dividends to be paid for any financial periods in the future, if any. See also "*Dividends and Dividend Policy*."

The Shares have not been previously subject to public trading, and, thus, the market price of the Shares may be volatile and an orderly and liquid trading market may not develop.

The Shares have not previously had a public trading market, and there can be no assurance that after the Listing, the Shares will be actively traded or that active trading can be maintained. Therefore, the liquidity of the Shares is uncertain.

The market price of the Shares may fluctuate significantly due to a number of factors, such as realized or anticipated changes in Koskisen's results of operations, Koskisen's ability to reach its business objectives, developments in the markets Koskisen serves, announcements concerning innovations introduced by competitors, changes in the regulatory environment, general market conditions and other factors. In addition, international financial markets have occasionally experienced significant fluctuations in share prices and trading volumes regardless of the business development or future outlook of individual companies. These factors are mainly beyond Koskisen's control. Moreover, the prices of shares offered publicly for the first time have been subject to considerable price fluctuations for periods of time, which may not have corresponded to the business or financial success of the particular company issuing such shares. There can be no assurance that the market price of the Shares will not experience significant fluctuations or decline below the Subscription Price.

The Subscription Price does not necessarily reflect the market price of the Shares after the Listing.

The interests of major shareholders may differ from those of other shareholders.

If the Offering is carried out as planned, the Koskinen Extended Family Members will hold approximately 76.7 percent of all Shares and voting rights of the Company immediately following the Offering (assuming that the Over-allotment Option is exercised in full and that the Company will issue 4,780,801 New Shares). See "*Major Shareholders*." After the Offering, the Koskinen Extended Family Members will continue to have significant ownership in the Company and they may be able to affect, among other things, the composition of the Board of Directors of the Company and the distribution of dividends, if acting in concert. The Koskinen Extended Family Members may also have the ability to block decisions required to be made at the general meetings of shareholders, including, among other things, the approval of financial statements and decisions regarding changes to articles of association and certain corporate transactions, such as mergers and demergers. There can be no assurance that the interests of the Koskinen Extended Family Members will be aligned with those of other shareholders of the Company.

Future share issues and sales of significant number of Shares may reduce the price of the Shares and the future share issues may dilute the share of ownership of the current shareholders.

The Company and the current largest shareholders of the Company are expected to commit to, subject to certain exceptions, a lock-up period that will end on 180 days from the Listing. In addition, the members of the Board of Directors of the Company and the members of the executive board of Koskisen are expected to enter into a lock-up agreement with similar terms to that of the Company and the current largest shareholders of the Company that will end on the date that falls 360 days from the Listing. In addition, the Personnel participating in the Personnel Offering must agree to comply with the lock-up with similar terms to that of the Company and the current largest shareholders of the Company that will end on the date that falls 360 days from the Listing. See "*Terms and Conditions of the Offering—General Terms and Conditions of the Offering—Lock-up*." Furthermore, certain members of Koskisen's personnel have committed to a lock-up period in relation to Shares subscribed by them in a directed share issue resolved by the Board of Directors of the Company on

August 25, 2022 (the "**Pre-IPO Personnel Offering**"). See "*Description of the Shares and Share Capital—Pre-IPO Personnel Offering*." After the lock-up period, the Company may issue and other parties may sell Shares. The issuance or sale of a significant number of Shares, or an understanding that such an issuance or sale may occur in the future, could have an adverse effect on the market price of the Shares and on the Company's ability to raise funds through share issues in the future.

Due to the large percentage of Shares held by the Koskinen Extended Family Members, there can be no assurance that the Koskinen Extended Family Members will not affect trading and transaction volumes by using their decision-making power in the Company or by making decisions concerning their shareholding in the Company, which could have an adverse effect on the prevailing market price of the Shares. Further, the perception that any such large sell down by the largest shareholders may occur in the future may have an adverse effect on the development of the price of the Shares. Furthermore, any possible future directed share issue, or a rights issue where any existing shareholders decide not to exercise their subscription rights, could dilute shareholders' relative share of the Shares and voting rights in the Company.

Holders of nominee-registered Shares cannot necessarily exercise their voting rights.

The holders of nominee-registered Shares cannot necessarily exercise their voting rights unless their ownership has been temporarily registered under their own name in Euroclear Finland prior to the Company's general meeting of shareholders. The Company cannot give any assurances that the holders of nominee-registered Shares would receive a notice to the general meeting of shareholders in time to instruct their account operators to either temporarily register their Shares or otherwise exercise their voting rights as the actual owners wish. See "*Finnish Securities Markets—Finnish Book-entry Securities System.*"

Certain foreign shareholders may not necessarily be able to exercise their subscription rights.

Under Finnish legislation, shareholders have specific subscription rights in proportion to their holdings when the Company issues new shares or securities entitling the subscription of new shares. Certain shareholders of the Company who reside or will reside in, or whose registered address is located in, certain countries other than Finland may not be able to exercise their subscription rights in possible future share issues, unless the Shares have been registered according to the securities legislation of the country in question or in an otherwise similar manner, or unless a derogation from the registration or other equivalent regulations provided in the applicable legislation is available. This may lead to the dilution of such shareholders' ownership in the Company. Further, if the number of shareholders who are not able to exercise their subscription rights is high and if the subscription rights of such shareholders are sold on the market, it could have an adverse effect on the price of the subscription rights. A foreign shareholder's right to have access to information concerning share issues and important transactions may also be restricted due to the legislation of the country in question. See "*Description of the Shares and Share Capital—Shareholder Rights*."

Risks Related to the Offering and the Listing

The Listing will result in additional costs for the Company, and the Company may fail to implement functions required from a listed company.

The Company will submit a listing application to Nasdaq Helsinki to list the Shares on the Official List of Nasdaq Helsinki. In addition to non-recurring costs, the Listing will result in significant ongoing administrative costs for the Company also after the Listing, which could have an adverse effect on Koskisen's financial condition and/or results of operations. As a consequence of the Listing, the Company will be required to meet regulatory requirements pertaining to entities with shares admitted to trading on Nasdaq Helsinki, in particular with respect to financial reporting, and allocate staff and resources to such purposes. Such additional costs could have a material adverse effect on Koskisen's financial condition and/or results of operations.

It is possible that the implementation of the required operations and processes and the staff and resources adjustment requires more resources than planned and these tasks cannot be performed with the same level of quality as previously or that such operations will be suspended. Furthermore, Koskisen must assign employees and other resources for these purposes. It is also possible that Koskisen will fail to implement and organize the functions required from a listed company, in which case Nasdaq Helsinki may not accept the Company's listing application. In addition, it is possible that Koskisen will fail to maintain the functions required from a listed company, partially or entirely, after the Listing.

Tight communication schedules and dependence on data systems and key employees to carry out required operations and processes may pose challenges to the correctness of financial and other information and to the timely release of such information. If information published by the Company turns out to be incorrect, misleading or otherwise not in compliance with all applicable laws, rules and regulations, the Company may lose the trust of its investors and other interest groups and face sanctions as a result of such actions.

The conditions for the Offering may not be fulfilled.

In case the Offering does not result in a number of subscriptions for the Offer Shares satisfactory to the Company and the Global Coordinator, the Offering will not be completed. The execution of the Offering is also conditional upon the signing of the Placing Agreement (as defined below) and the Placing Agreement remaining in force. In addition, the Placing Agreement related to the Offering includes certain customary terms and conditions, including the accuracy and correctness of certain terms and conditions relating to the Company. If one or more of the terms and conditions of the Placing Agreement are not met, the Placing Agreement may not be entered into or it may be terminated, as a result of which the Offering will not be completed. Delay or cancellation of the Offering may result in additional costs and administrative actions for Koskisen, which may have a material adverse effect on Koskisen's business, financial position and results of operations. If the Listing is not completed, the investor cannot use the paid Subscription Price for any other investment until the paid Subscription Price has been refunded to the investors. See "*Plan of Distribution*."

The Share Issue may not be fully subscribed.

There can be no assurance that the Offering will be fully subscribed for and that the Company will raise the full amount of proceeds from the Share Issue upon the completion of the Share Issue. In such an event, Koskisen could be required to seek for additional sources of financing in order to execute its strategy.

Subscription commitments are irrevocable and there is no certainty of the number or the allocation of the Offer Shares.

The subscription commitments made in the Offering are binding and cannot be canceled or amended after the subscription has been made, except as described in "*Terms and Conditions of the Offering—General Terms and Conditions of the Offering—Cancellation of Commitments*."

The Company will decide on the execution of the Offering, the final number of Offer Shares and the allocation of Offer Shares to investors. In addition, the Company will decide on the procedure to be followed in the possible event of an oversubscription. Commitments may be approved or rejected in whole or in part. Therefore, investors must make their investment decisions prior to having knowledge of the final result of the Offering. See "*Terms and Conditions of the Offering—Special Terms and Conditions Concerning the Public Offering—Approval of Commitments and Allocation*," "*Terms and Conditions of the Offering—Special Terms and Conditions Concerning the Institutional Offering—Approval of Purchase and Allocation*" and "*Terms and Conditions of the Offering—Special Terms and Conditions Concerning the Personnel Offering—Subscription Price of the Personnel Offering and the Allocation of Personnel Shares.*"

CERTAIN MATTERS

Statement Regarding Information in this Offering Circular

The Company is responsible for the information included in this Offering Circular. To the best of the Company's knowledge, the information contained in this Offering Circular is in accordance with the facts and this Offering Circular makes no omission likely to affect its import.

November 18, 2022

Koskisen Corporation

Special Cautionary Notice Regarding Forward-looking Statements

This Offering Circular contains forward-looking statements about Koskisen that are not historical facts, but statements about future expectations. When used in this Offering Circular, the words "aims," "anticipates," "assumes," "believes," "could," "estimates," "expects," "intends," "may," "plans," "should," "will," "would" and similar expressions as they relate to Koskisen or its management, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements are set forth in a number of places in this Offering Circular, including in the sections "*Summary*," "*Risk Factors*," "*Dividends and Dividend Policy*," "*Reasons for the Offering and Use of Proceeds*," "*Capitalization and Indebtedness*," "*Industry and Market Overview*," "*Business*" and "*Operating and Financial Review*" and wherever this Offering Circular includes information on the future results, plans and expectations with regard to Koskisen, the future growth and profitability of Koskisen and the future general economic conditions to which Koskisen is exposed.

No Incorporation of Website Information

The Finnish Prospectus will be published on Koskisen's website at *www.koskisen.fi/IPO* and this Offering Circular at *www.koskisen.fi/en/IPO* on or about November 18, 2022. In addition, the Finnish Prospectus will be available on Nordea's website at *www.nordea.fi/koskisenIPO* on or about November 18, 2022.

This Offering Circular, the documents incorporated by reference as well as possible supplements to this Offering Circular that will form a part of this Offering Circular will be published on Koskisen's website. However, other information on Koskisen's website or any other website, do not form a part of this Offering Circular, and prospective investors should not rely on such information in making their decision to invest in the Offer Shares.

Presentation of Financial Information

Historical Financial Statements and Interim Financial Information

The historical financial information of Koskisen included in this Offering Circular has been derived from the Consolidated Financial Information incorporated by reference into this Offering Circular.

Certain financial information and measures presented in this Offering Circular have been derived or calculated from Koskisen's unaudited consolidated financial information as at and for the nine months ended September 30, 2022, prepared in accordance with "*IAS 34 – Interim Financial Reporting*" in compliance with IFRS, including the unaudited comparative consolidated financial information as at and for the nine months ended September 30, 2021 (*i.e.*, the Interim Consolidated Financial Information) and Koskisen's audited consolidated financial statements prepared in accordance with IFRS for the years ended December 31, 2021 and 2020 (*i.e.*, the IFRS Audited Consolidated Financial Statements). Koskisen's consolidated balance sheet information as at December 31, 2019 equals the unaudited opening statement of financial position as at January 1, 2020, prepared in connection with the adoption of IFRS, which is included in the IFRS Audited Consolidated Financial Statements. For more information on the first time adoption of IFRS, see "*Operating and Financial Review—Impact of the Adoption of IFRS*" and note 25 to the IFRS Audited Consolidated Financial Statements incorporated by reference into this Offering Circular.

The financial information presented in this Offering Circular is prepared in accordance with IFRS, unless otherwise indicated.

In addition, certain financial information and measures presented in this Offering Circular have been derived or calculated from Koskisen's audited consolidated financial statements as at and for the year ended December 31, 2020, prepared in accordance with FAS (*i.e.*, the 2020 FAS Audited Consolidated Financial Statements) and Koskisen's audited consolidated financial statements as at and for the year ended December 31, 2019, prepared in accordance with FAS (*i.e.*, the 2019 FAS Audited Consolidated Financial Statements, and, together with the 2020 FAS Audited Consolidated Financial Statements, the FAS Audited Consolidated Financial Statements). The FAS Audited Consolidated Financial Statements were prepared for the Company under its previous name, Koskitukki Oy. Koskisen in its current form is based on the merger that took effect on May 31, 2022, whereby Koskisen Ltd merged into its parent company Koskitukki Oy that changed its name to

Koskisen Oy in connection with the merger (the "**Reorganization**"). In connection with the Reorganization minority shareholders of Koskisen Oy became shareholders of Koskitukki Oy. The purpose of the Reorganization was to harmonize Koskisen's operations, simplify the structure of the Group, strengthen the parent company's balance sheet, support Koskisen's brand and prepare the Company for a possible listing.

Financial information as at and for the year ended December 31, 2020, prepared in accordance with FAS is presented in "*Operating and Financial Review*" and elsewhere in this Offering Circular, where financial information as at and for the year ended December 31, 2020, is compared to financial information as at and for the year ended December 31, 2019. Accordingly, financial information prepared in accordance with FAS as at and for the years ended December 31, 2020 and 2019, is not fully comparable with financial information prepared in accordance with IFRS as at and for the nine months ended September 30, 2022 and 2021, and as at and for the years ended December 31, 2021 and 2020.

The IFRS Audited Consolidated Financial Statements have been audited by PricewaterhouseCoopers, Authorized Public Accountants, with Markku Launis, Authorized Public Accountant, as the auditor with principal responsibility. The FAS Audited Consolidated Financial Statements have been audited by Deloitte Oy ("**Deloitte**"), Authorized Public Accountants, with Hannu Mattila, Authorized Public Accountant, as the auditor with principal responsibility. Deloitte's address is Salmisaarenaukio 2, FI-00180 Helsinki, Finland.

Other Historical Financial Information

Koskisen presents in this Offering Circular certain historical interim financial information prepared in accordance with IFRS for the three months ended September 30, 2022.

Koskisen presents in this Offering Circular certain historical financial revenue information that have been derived or calculated from audited consolidated financial statements prepared in accordance with FAS for the years ended December 31, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011 and 2010, which were prepared for the Company under its former name Koskitukki Oy.

Alternative Performance Measures

Koskisen presents in this Offering Circular certain performance measures of historical financial performance, financial position and cash flows, which in accordance with the "*Alternative Performance Measures*" guidance by the European Securities and Markets Authority are not accounting measures defined or specified in IFRS or FAS (together, the "**Alternative Performance Measures**").

These Alternative Performance Measures presented as additional information and prepared in accordance with IFRS are:

- items affecting comparability;
- EBITDA;
- EBITDA margin;
- adjusted EBITDA;
- adjusted EBITDA margin;
- operating profit (loss);
- EBIT margin;
- adjusted EBIT;
- adjusted EBIT margin;
- net investments;
- net investments as share of revenue;
- cash flow before financing;
- capital employed;
- liquid assets;
- net debt;
- net debt/EBITDA;
- operative net working capital;
- operative net working capital as share of revenue;
- equity ratio;
- gearing;
- return on capital employed; and
- return on equity.

These alternative Performance Measures presented as additional information and prepared in accordance with FAS are:

- EBITDA;
- EBITDA margin;
- EBIT margin;
- net investments;
- net investments as share of revenue; and
- cash flow before financing.

For more information on the reasons for the use of the Alternative Performance Measures and basis of calculation of the Alternative Performance Measures, see "*Selected Consolidated Financial Information*."

Koskisen presents Alternative Performance Measures as additional information to financial measures presented in the consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of cash flows prepared in accordance with IFRS and in the consolidated income statement and consolidated statement of cash flows prepared in accordance with FAS. In Koskisen's view, the Alternative Performance Measures provide the management and investors, securities analysts and other parties with significant additional information related to Koskisen's results of operations, financial condition or cash flows and are widely used by analysts, investors and other parties.

The Alternative Performance Measures should not be considered in isolation or as substitute to the measures under IFRS or FAS. All companies do not calculate Alternative Performance Measures in a uniform way, and, therefore, the Alternative Performance Measures presented in this Offering Circular may not be comparable with similarly named measures presented by other companies. Unless otherwise specified, the Alternative Performance Measures presented in this Offering Circular are unaudited.

Market and Industry Information

This Offering Circular contains statistics, data and other information relating to markets, market sizes, market shares and market positions and other industry data pertaining to Koskisen's business and markets. Such information is based on Koskisen's estimates and/or analysis of multiple sources, including the Finnish Ministry of Environment, National Resources Institute Finland (Luke) (the "**National Resources Institute**") and Statista GmbH ("**Statista**"), and an analysis by AFRY Management Consulting Oy ("**AFRY**") commissioned by Koskisen in June 2022 (the "**AFRY Market Study**"), unless otherwise indicated. The source has been indicated when presenting information received from third parties.

The Company confirms that third-party information has been reproduced accurately in this Offering Circular. As far as the Company is aware and is able to ascertain from information published by these third parties, no facts have been omitted that would render the reproduced information misleading or inaccurate.

This Offering Circular also contains estimates regarding the market position of Koskisen that cannot be gathered from publications by market research institutions or any other independent sources. In many cases, there is no publicly available information on such data, for example from industry associations, public authorities or other organizations and institutions. The Company believes that its internal estimates of market data and information derived therefrom and included in this Offering Circular are helpful in order to give investors a better understanding of the industry in which Koskisen operates as well as its position within this industry. Although the Company believes that its internal market estimates are fair, they have not been reviewed or verified by any external experts and the Company cannot guarantee that a third-party expert using different methods would obtain or generate the same results.

Certain Other Information

Figures in financial information set forth in this Offering Circular has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total amount given for that column or row. In addition, certain percentages are calculated with unrounded numbers and, accordingly, such percentages may not conform exactly to the percentages that would have been reached had rounded numbers been used.

All references in this Offering Circular to "**euro**" and "**EUR**" refer to the currency of Economic and Monetary Union of the EU, those to the "**British pound sterling**" and "**GBP**" refer to the currency of the United Kingdom of Great Britain and Northern Ireland, those to the "**Polish złoty**" and "**PLN**" refer to the currency of the Republic of Poland and those to the "**U.S. dollar**" and "**USD**" refer to the currency of the United States of America.

CERTAIN IMPORTANT DATES RELATING TO THE OFFERING

Subscription period of the Offering commences	November 21, 2022
Subscription period of the Public Offering and the Personnel Offering ends	on or about November 28, 2022
Subscription period of the Institutional Offering ends	on or about November 30, 2022
Announcement of the final results of the Offering	on or about December 1, 2022
New Shares are registered in the book-entry accounts in the Public Offering and the Personnel Offering	on or about December 1, 2022
Trading in the Shares commences on the Official List of Nasdaq Helsinki	on or about December 1, 2022
The Offer Shares offered in the Institutional Offering are ready to be delivered against payment through Euroclear Finland	on or about December 5, 2022

DIVIDENDS AND DIVIDEND POLICY

The Board of Directors of the Company has adopted a dividend policy pursuant to which the Company aims to pay an attractive dividend in accordance with its strategy, investment requirements, financial position and market outlook. The Company aims to pay a dividend equal to no less than one-third of its net profit annually. The Board of Directors of the Company has preliminary assessed to propose to the general meeting of shareholders of the Company in 2023 that the Company would pay a EUR 10 million dividend in 2023 in deviation from the dividend policy due to Koskisen's forecast strong year 2022. The final resolution on the payment of the dividend will be made by the Company's annual general meeting of shareholders in the spring 2023.

The payment of dividends, if any, by the Company and the amounts and timing thereof will depend on a number of factors, including Koskisen's capital structure, distributable funds of the parent company, future revenue, profits, financial position, general economic and business conditions, and future prospects; the ability of the Company's subsidiaries to pay dividends or otherwise transfer funds to the Company; and such other factors as the Board of Directors of the Company may deem relevant.

There can be no assurance that a dividend will be declared in any given year. If a dividend is declared, there can be no assurance that the dividend amount or the dividend payout ratio will be as described above. Moreover, any dividend paid in a given year will not be indicative of any dividends to be paid in any subsequent year. If any dividend is distributed, all of the Shares will be entitled to the same dividend.

In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited liability company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the general meeting of shareholders has adopted the company's financial statements and resolved on the amount of dividend or other distribution of unrestricted equity based on the proposal by the Board of Directors of the company. Pursuant to the Finnish Companies Act, the payment of a dividend or other distribution of unrestricted equity may also be based on financial statements other than those for the preceding financial year, provided that such financial statements have been adopted by the general meeting of shareholders. If the company has an obligation to elect an auditor pursuant to law or its articles of association, such financial statements must be audited. The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a general meeting of shareholders of the company. Pursuant to the Finnish Companies Act, the general meeting of shareholders may also authorize the Board of Directors to decide upon payment of dividends and other distribution of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount resolved by the general meeting of shareholders. The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial position of the company since the financial statements were prepared. Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent.

No dividend has been paid by the Company for the years ended December 31, 2021, 2020 and 2019. See "*Certain Matters—Presentation of Financial Information*" and "*Description of the Shares and Share Capital—Shareholder Rights—Dividends and Other Distributions of Funds*."

Dividends paid to shareholders who are non-residents of Finland will generally be subject to Finnish withholding tax. Currently, the withholding tax rate is 20 percent of the dividend paid to non-resident corporate entities and 30 percent for all other non-residents. The amount of withholding tax may be reduced pursuant to an applicable tax treaty to which Finland is a party. For a summary of certain tax consequences for shareholders, see "*Taxation*."

REASONS FOR THE OFFERING AND USE OF PROCEEDS

Reasons for the Offering

The objective of the Offering is to enable Koskisen to implement its growth strategy. The Offering will enable the Company to obtain access to capital markets, expand its ownership base and increase the liquidity of the Shares. The Listing and increased liquidity would also make it possible to use the Shares more effectively as consideration in potential future acquisitions. Additional visibility is also expected to further increase Koskisen's recognition among the public and customers and as an employer.

Use of Proceeds

The Company aims to raise gross proceeds of approximately EUR 29.3 million by offering New Shares for subscription. In connection with the Offering, the Company expects to pay total fees and expenses of approximately EUR 4.9 million (assuming that the Over-allotment Option will not be exercised and that the discretionary fee will be paid in full), resulting in net proceeds for the Company from the Offering of approximately EUR 24.4 million (assuming that all preliminarily offered New Shares are subscribed for). If the Over-allotment option is exercised in full, the Company would raise gross proceeds of EUR 32.2 million. The Company expects to use the net proceeds from the Offering to investments supporting Koskisen's growth strategy, including efficiency measures, capital expenditure for machinery and equipment and site infrastructure, potential future transactions, as well as for general corporate purposes.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth Koskisen's capitalization and indebtedness as at September 30, 2022, (i) based on Koskisen's unaudited consolidated interim financial information as at and for the nine months ended September 30, 2022, and (ii) as adjusted to reflect the estimated net proceeds of the Offering as if the Offering had been completed on September 30, 2022. When reading the table, investors should note that there can be no assurance that the Offering will be completed and that the proceeds of the Offering are not certain.

The following table should be read together with "*Selected Consolidated Financial Information*," "*Operating and Financial Review*," the Consolidated Financial Information incorporated by reference into this Offering Circular.

	As at September 30, 2022	
	Actual	**As adjusted**
	(unaudited)	
	(EUR in thousands)	
CAPITALIZATION		
Current debt (including current portion of non-current debt)		
Guaranteed / secured(1)	6,098	6,098
Unguaranteed / unsecured	14,524	14,524
Total current debt (including current portion of non-current debt)	20,622	20,622
Non-current debt (excluding current portion of non-current debt)		
Guaranteed / secured(1)	46,402	46,402
Unguaranteed / unsecured	–	–
Total non-current debt (excluding current portion of non-current debt)	46,402	46,402
Total debt	67,024	67,024
Equity		
Share capital	1,512	1,512
Legal reserve	16	16
Reserve for invested unrestricted equity	43,597	70,507(2)(3)
Cumulative translation difference	(244)	(244)
Retained earnings	20,733	20,733
Result for the period	34,725	33,221(3)
Total equity	100,339	125,745
Total debt and equity	167,364	192,770
NET INDEBTEDNESS		
Financial assets as fair value through profit and loss	9,820	9,820
Cash and cash equivalents	36,447	61,083(2)(3)
Liquidity (A)	46,267	70,903
Current debt	7,318	7,318
Current portion of non-current debt	13,304	13,304
Current financial indebtedness (B)	20,622	20,622
Net current financial indebtedness (C=B-A)	(25,645)	(50,281)
Non-current debt (excluding current portion of non-current debt)	46,402	46,402
Non-current financial indebtedness (D)	46,402	46,402
Total financial indebtedness (E=C+D)	20,757(4)	(3,879)

(1) As at September 30, 2022, the Company's debt included non-current lease liabilities of EUR 26,706 thousand and current lease liabilities of EUR 2,098 thousand.

(2) In the Offering, the Company aims to raise gross proceeds of approximately EUR 29.3 million (assuming that the Offering (including the Personnel Offering) is subscribed for in full and the Over-allotment Option is not exercised). The gross proceeds will improve the Company's capital structure by increasing with an amount equal to reserve for invested unrestricted equity and cash and cash equivalents.

(3) Estimated total fees and expenses related to the Offering and the Listing are EUR 4,900 thousand in total (including the discretionary fee in full), of which EUR 996 thousand has been originated and recognized as costs for the nine months ended September 30, 2022. The gross proceeds raised by the Share Issue to be recognized in the reserve for invested unrestricted equity have been adjusted by estimated expenses related to the Offering of EUR 2,400 thousand. Result for the period has been adjusted by estimated expenses related to the Offering of EUR 1,504 thousand, which are originated and recognized after the nine months ended September 30, 2022. Cash and cash equivalents have been adjusted by total unpaid expenses related to the Offering of EUR 4,674 thousand. The adjustment of cash and cash equivalents includes expenses related to the Offering of EUR 962 thousand in trade payables and accrued liabilities as at September 30, 2022.

(4) Net debt of the Company as at September 30, 2022, EUR 13,439 thousand, does not include the item trade payables, payment system, (EUR 7,318 thousand) that is included in current liabilities on the Company's balance sheet. The item payment system, trade payables, is presented as a part of net working capital.

For more information on Koskisen's consolidated off-balance-sheet liabilities and given collaterals, see "*Operating and Financial Review—Contingent Liabilities and Commitments*."

There have been no material changes in Koskisen's capitalization and indebtedness between September 30, 2022, and the date of this Offering Circular.

Working Capital Statement

Koskisen believes that the working capital available to it is sufficient for at least 12 months following the date of this Offering Circular.

TERMS AND CONDITIONS OF THE OFFERING

The term "subscription" refers in the following to the investor's offer or commitment to subscribe for or purchase Offer Shares (as defined below) in the Offering (as defined below), and an investor may be allocated either New Shares (as defined below), Additional Shares (as defined below), or Optional Shares (as defined below). Correspondingly, "subscriber," "subscription period," "subscription place," "subscription price," "purchase offer" and "commitment" (and other corresponding terms) refer to both the New Shares (as defined below) and the Additional Shares (as defined below).

General Terms and Conditions of the Offering

Offering

Koskisen Corporation, a public limited liability company incorporated in Finland (the "**Company**"), aims to raise gross proceeds of approximately EUR 29.3 million by offering preliminarily a maximum of 4,780,801 new shares (the "**New Shares**") for subscription (the "**Offering**"). Unless the context indicates otherwise, the New Shares (including the Personnel Shares (as defined below)) and the Additional Shares (as defined below) are together referred to herein as the "**Offer Shares**." The subscription price for the Offer Shares in the Offering is EUR 6.14 per Offer Share (the "**Subscription Price**").

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**"), (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally (the "**Institutional Offering**"), and (iii) a personnel offering to the Company's and its subsidiaries' Personnel (as defined below) (the "**Personnel Offering**").

The Offer Shares represent preliminarily a maximum of approximately 21.2 percent of all the shares in the Company (the "**Shares**") and votes vested by the Shares after the Offering assuming that the Over-allotment Option (as defined below) will not be exercised (approximately 22.8 percent assuming that the Over-allotment Option will be exercised in full), and assuming that the Company will issue 4,780,801 New Shares.

Offer Shares will be offered in the Institutional Offering to institutional investors outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") ("**Regulation S**"), and otherwise in compliance with the said regulation. The Shares (including the Offer Shares) have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S of the U.S. Securities Act).

The terms and conditions of the Offering are comprised of the general terms and conditions of the Offering as well as the special terms and conditions of the Public Offering, the Institutional Offering and the Personnel Offering.

Offering

The extraordinary general meeting of shareholders of the Company resolved on October 31, 2022, to authorize the Company's Board of Directors to decide on an issue of a maximum of 10,000,000 New Shares. Based on this authorization, the Company's Board of Directors is expected to resolve on or about November 30, 2022, to issue New Shares in the Offering.

As a result of the Offering, number of the Shares may increase preliminarily to a maximum of 23,038,487 Shares if all of the New Shares preliminarily offered in the Offering are subscribed for in full and assuming that the Over-allotment Option (as defined below) will be exercised in full. The number of New Shares to be issued in the Offering would represent approximately a maximum 22.8 percent of the Shares after the Offering assuming that all of the New Shares preliminarily offered in the Offering are subscribed for in full and assuming that the Over-allotment Option (as defined below) will be exercised in full. The maximum number of the New Shares represents approximately 29.6 percent of the Shares prior to the Offering.

The New Shares are being offered in deviation from the shareholders' pre-emptive subscription right in order to enable the listing of the Shares on the official list of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") (the "**Listing**"). The payment made to the Company for the approved New Share subscriptions will be booked in its entirety in the reserve for invested unrestricted equity. Therefore, the Company's share capital will not increase in connection with the Offering.

Sole Global Coordinator, Bookrunner and Subscription Places

Nordea Bank Abp ("**Nordea**") acts as the sole global coordinator and bookrunner for the Offering (the "**Global Coordinator**"). In addition, the Company has appointed Nordnet Bank AB ("**Nordnet**") to act as the subscription place in the Public Offering and the Personnel Offering, in addition to which Nordnet also accepts subscriptions in the Institutional Offering.

Over-allotment Option

The Company is expected to grant to the Global Coordinator an over-allotment option, which would entitle Nordea acting as stabilizing manager (the "**Stabilizing Manager**") to subscribe for a maximum of 478,080 additional new Shares (the "**Optional Shares**") at the Subscription Price solely to cover any over-allotments in connection with the Offering (the "**Over-allotment Option**"). The Over-allotment Option is exercisable within 30 days from the commencement of trading in the Shares on Nasdaq Helsinki (*i.e.*, on or about the period between December 1, 2022, and December 30, 2022) (the "**Stabilization Period**"). The Optional Shares represent approximately 2.7 percent of the Shares and votes vested by the Shares prior to the Offering and approximately 2.1 percent after the Offering assuming that the Company will issue 5,258,881 New Shares. However, the number of Optional Shares will not in any case represent more than 10 percent of the aggregate number of Offer Shares.

Stabilization

The Stabilizing Manager may, but is not obligated to, engage in measures during the Stabilization Period that stabilize, maintain or otherwise affect the price of the Shares. The Stabilizing Manager may allocate a larger number of Shares than the total number of Offer Shares, which will create a short position. The short position will be covered if it does not exceed the number of Optional Shares. The Stabilizing Manager is entitled to close the covered short position by exercising the Over-allotment Option and/or by acquiring Shares on the market. In determining the acquisition method of the Shares to cover the short position, the Stabilizing Manager may consider, among other things, the market price of the Shares in relation to the Subscription Price. In connection with the Offering, the Stabilizing Manager may also bid for and purchase Shares in the market to stabilize the market price of the Shares. These measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or may prevent or delay any decrease in the market price of the Shares. However, stabilization measures cannot be carried out at a price higher than the Subscription Price. The Stabilizing Manager has no obligation to carry out these measures, and it may stop any of these measures at any time. The Stabilizing Manager or the Company on behalf of the Stabilizing Manager will publish information regarding the stabilization required by legislation or other applicable regulations at the end of the Stabilization Period. The stabilization measures can be conducted on Nasdaq Helsinki during the Stabilization Period.

Any stabilization measures will be conducted in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (the "**Market Abuse Regulation**") and Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy back programs and stabilization measures.

The Stabilizing Manager and the Company are expected to agree on a share issue and share return arrangement related to stabilization in connection with the Offering. Pursuant to such arrangement, the Stabilizing Manager may subscribe for a number of new Shares (the "**Additional Shares**") equal to the maximum number of Optional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilizing Manager subscribes for the Additional Shares, it must return an equal number of Shares to the Company for redemption and cancellation by the Company. See "*Plan of Distribution*."

Placing Agreement

The Company and the Global Coordinator are expected to enter into a placing agreement (the "**Placing Agreement**") on or about November 30, 2022. For further information, see "*Plan of Distribution*."

Subscription Period

The subscription period for the Public Offering will commence on November 21, 2022, at 10:00 a.m. (Finnish time) and end on or about November 28, 2022, at 4:00 p.m. (Finnish time).

The subscription period for the Institutional Offering will commence on November 21, 2022, at 10:00 a.m. (Finnish time) and end on or about November 30, 2022, at 11:00 a.m. (Finnish time).

The subscription period for the Personnel Offering will commence on November 21, 2022, at 10:00 a.m. (Finnish time) and end on or about November 28, 2022, at 4:00 p.m. (Finnish time).

The Company's Board of Directors is entitled to extend the subscription periods of the Public Offering, Institutional Offering and the Personnel Offering. A possible extension of the subscription period will be communicated through a stock exchange release, which will indicate the new end date of the subscription period. The subscription periods of the Public Offering, the Institutional Offering and the Personnel Offering will in any case end on December 5, 2022, at 4:00 p.m. (Finnish time) at the latest. The subscription periods of the Public Offering, the Institutional Offering and the Personnel Offering can be extended independently of one another. A stock exchange release concerning the extension of a subscription period must be published no later than on the estimated final dates of the subscription periods for the Public Offering, the Institutional Offering or the Personnel Offering stated above.

Subscription Price

The subscription price for the Offer Shares in the Public Offering and Institutional Offering is EUR 6.14 per Offer Share.

The subscription price per share in the Personnel Offering is 10 percent lower than the Subscription Price meaning that the subscription price in the Personnel Offering is EUR 5.53 per Offer Share.

The Subscription Price may be changed during the subscription period, however, so that in the Public Offering the Subscription Price will be no more than the original Subscription Price of EUR 6.14 per Offer Share and the subscription price in the Personnel Offering shall be no more than the original subscription price of the Personnel Offering. If the Subscription Price is changed, the Finnish language prospectus published by the Company in connection with the Offering (the "**Finnish Prospectus**") will be supplemented and the supplement will be published through a stock exchange release. If the Finnish Prospectus is supplemented, investors who have given their Commitments (as defined below) before the supplement or correction of the Finnish Prospectus have the right to cancel their Commitments as described in "*—Cancellation of Commitments*" below.

Conditionality, Execution and Publishing of the Offering

The Company's Board of Directors will, in consultation with the Global Coordinator, decide on the execution of the Offering, the final number of Offer Shares and the allocation of Offer Shares on or about November 30, 2022 (the "**Completion Decision**"). The above information will be published through a stock exchange release after the Completion Decision and be available on the Company's website at *www.koskisen.fi/en/IPO*, on Nordea's website at *www.nordea.fi/koskisenIPO-en* and on Nordnet's website at *www.nordnet.fi/koskisen* no later than the business day following the Completion Decision on or about December 1, 2022.

In case the Offering does not result in a number of subscriptions for the Offer Shares satisfactory to the Company and the Global Coordinator, the Offering will not be completed. The execution of the Offering is also conditional upon the signing of the Placing Agreement and the Placing Agreement remaining in force.

Cancellation of Commitments

A commitment to subscribe for or purchase Offer Shares in the Public Offering or in the Personnel Offering (a "**Commitment**") cannot be amended. A Commitment may only be cancelled in the situations provided for in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 (the "**Prospectus Regulation**").

Cancellation in Accordance with the Prospectus Regulation

If the Finnish Prospectus is supplemented in accordance with the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy which may affect the assessment of the Offer Shares and which has become known after the Finnish Financial Supervisory Authority has approved the Finnish Prospectus, but before trading in the Offer Shares begins on the Official List of Nasdaq Helsinki (the "**Grounds for Supplement**"), investors who have subscribed for Offer Shares before the supplement is published shall, in accordance with the Prospectus Regulation, have the right to withdraw their Commitments within three (3) business days after the supplement of the Finnish Prospectus has been published. The cancellation right is further conditional on that the Grounds for Supplement have become known prior to the end of the subscription period.

The Company will announce cancellation instructions through a stock exchange release. The stock exchange release shall also announce investors' right to cancel subscriptions, the period within which subscriptions may be cancelled and more detailed instructions on cancellation. After the end of the cancellation period, the right of cancellation will lapse.

Procedure to Cancel a Commitment

The cancellation of a Commitment must be notified to the subscription place where the initial Commitment was made, within the time limit set for such cancellation, as follows:

- A Commitment made to Nordea may be cancelled by telephone in Nordea's phone services or in writing in Nordea's subscription places, except for Nordea Investor. Cancellation of a Commitment made to Nordea by telephone requires the use of the valid Nordea login identifier, the "Nordea ID app." Cancellation of a Commitment made in Nordea Investor can be made by telephone to Nordea's phone services, or in Nordea's branches in Finland (except branches with cash services only).

- A Commitment made to Nordnet may be cancelled by sending a written cancellation request by email to *iaservices.fi@nordnet.fi* or by delivering the cancellation to Nordnet's office. A Commitment submitted by

Nordnet's own customers via Nordnet's online service may also be cancelled via Nordnet's online service by accepting a separate cancellation of Commitment by using Nordnet's bank codes.

A potential cancellation of a Commitment applies to the entire Commitment. After the time limit set for cancellation has expired, the cancellation right is no longer valid. If the Commitment is cancelled, the subscription place refunds the sum paid for the Offer Shares to the bank account specified in the Commitment. The payment is refunded as soon as possible after the cancellation, approximately within five (5) banking days of serving the subscription place with the cancellation notice. If an investor's bank account is in a different bank than the subscription place, the refund will be paid to the investor's Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. To Nordnet's own customers who have given their Commitments via Nordnet's subscription place, the amount to be refunded will be paid to a Nordnet cash account. No interest will be paid on the refunded amount.

Entry of Offer Shares into Book-entry Accounts

Investors who have submitted a Commitment must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and investors must specify the details of their book-entry account in their Commitments. Subscriptions to equity savings accounts can be made through Nordea only to an equity savings account provided by Nordea and through Nordnet only to an equity savings account provided by Nordnet.

The Offer Shares allocated in the Public Offering and the Personnel Offering are recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Completion Decision, on or about December 1, 2022. In the Institutional Offering, investors should contact the Global Coordinator with respect to the book-entry accounts. In the Institutional Offering, the allocated Offer Shares will be ready to be delivered against payment on or about December 5, 2022, through Euroclear Finland Oy.

Title and Shareholder Rights

The title to the Offer Shares will be transferred when the Offer Shares are paid for, the New Shares are registered in the trade register maintained by the Finnish Patent and Registration Office and the Offer Shares are recorded in the investor's book-entry account. Offer Shares carry rights equal to all other Shares and they will entitle their holders to dividends and other distributions of funds (including the distribution of funds in the event of insolvency of the Company) as well as other rights related to the Shares when the title has been transferred.

Transfer Tax and Other Expenses

Transfer tax will not be levied in connection with the issuance or subscription of the New Shares in Finland. The Additional Shares are being allotted in connection with commencement of trading in the Shares on Nasdaq Helsinki, and no transfer tax is expected to be payable for these transfers in Finland. Should transfer tax be levied, the Company will pay or procure the payment of any transfer tax levied on the allotment of Additional Shares. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of shares.

Trading in the Shares

Before the Offering, the Shares have not been subject to trading on a regulated market or multilateral trading facility. The Company will submit a listing application to Nasdaq Helsinki for the Shares to be listed on the official list of Nasdaq Helsinki. Trading of the Shares is expected to commence on the Official List of Nasdaq Helsinki on or about December 1, 2022. The trading code of the Shares is KOSKI and the ISIN code is FI4000533005.

When the trading on the Official List of Nasdaq Helsinki commences on or about December 1, 2022, not all of the Offer Shares may necessarily have been fully transferred to the investors' book-entry accounts. If an investor wishes to sell Offer Shares subscribed for by it in the Offering, the investor should ensure that the number of Shares registered to its book-entry account covers the transaction in question at the time of clearing.

Right to Cancel the Offering

The Company's Board of Directors has the right to cancel the Offering at any time before the Completion Decision on the grounds of, for example, the market conditions, the Company's financial position or a material change in the Company's business. If the Offering is cancelled, the subscription price paid by the investors will be refunded in approximately five (5) banking days from the cancellation decision. If an investor's bank account is in a different bank than the subscription place, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. To Nordnet's own customers who have given their Commitments via Nordnet's subscription place, the amount to be refunded will be paid to a Nordnet cash account. No interest will be paid on the refunded amount.

Lock-up

The Company is expected to commit during the period that will end 180 days from the Listing, without the prior written consent of the Global Coordinator, not to issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities they hold entitling to Shares or exchangeable for or convertible into or exercisable for Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise. The lock-up does not apply to the measures related to the execution of the Offering.

The current largest shareholders of the Company are expected to enter into a lock-up agreement with similar terms to that of the Company that will end 180 days from the Listing.

The members of the Board of Directors of the Company and the members of the executive board of the Company are expected to enter into a lock-up agreement with similar terms to that of the Company and the current largest shareholders of the Company that will end 360 days from the Listing.

According to the terms and conditions of the Personnel Offering, the Personnel (as defined below) participating in the Personnel Offering must agree to comply with a lock-up with similar terms to that of the Company and the current largest shareholders of the Company that will end 360 days from the Listing.

The members of Koskisen's personnel who subscribed for the Shares in a directed share issue resolved by the Board of Directors on August 25, 2022 (the "**Pre-IPO Personnel Offering**") have committed to a lock-up arrangement in relation to the Shares subscribed for in the Pre-IPO Personnel Offering. The lock-up period will end by a separate decision of the Board of Directors of the Company when two years have passed since the Board of Directors of the Company approved the subscriptions of the Shares in the Pre-IPO Personnel Offering, or when at least six months has passed from the Listing, whichever occurs later. The subscriptions were approved by the Board of Directors of the Company on September 29, 2022.

In aggregate, the terms of lock-up agreements apply to approximately 76.5 percent of the Shares after the Offering without the Over-allotment Option and the possible New Shares subscribed for by the Personnel (as defined below) in the Public Offering or the Institutional Offering (approximately 75.0. percent with the Over-allotment Option) assuming that the Company will issue 4,780,801 New Shares and that 72,332 New Shares are allocated in the Personnel Offering.

Other Matters

The Board of Directors of the Company will decide on the Offering and on other issues and practical arrangements resulting therefrom.

Documents on Display

The Company's latest financial statements, annual report and the auditor's report as well as the other documents pursuant to Chapter 5, Section 21 of the Finnish Limited Liability Companies Act (624/2006, as amended), are available during the subscription period at the Company's offices at Tehdastie 2, FI-16600 Järvelä, Finland.

Applicable Law

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland.

Special Terms and Conditions Concerning the Public Offering

Overview

Preliminarily a maximum of 262,944 Offer Shares are offered in the Public Offering to private individuals and entities in Finland. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering, the Institutional Offering and the Personnel Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 262,944 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

The subscription place has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions herein or if it is otherwise incomplete.

Right to Participate and the Minimum and Maximum Amounts for Commitments

Investors whose domicile is in Finland and who submit their Commitments in Finland may participate in the Public Offering. Entities submitting a Commitment must have a valid legal entity identifier code ("**LEI code**"). Commitments in the Public Offering must be no less than 100 Offer Shares and no more than 17,000 Offer Shares. If an investor provides more than one Commitment in the Public Offering, the Commitments will be combined into one Commitment, which will be subject to the abovementioned maximum limit.

Places of Subscription and Submission of Commitments

The places of subscription in the Public Offering for Nordea book-entry or equity savings account customers are:

- Nordea Investor for private individuals with Nordea bank codes at *investor.nordea.fi* or by signing in to Nordea Investor via Nordea Netbank;

- Nordea Customer Service for private individuals with Nordea bank codes, Monday to Friday 8:00 a.m. to 8:00 p.m. (Finnish time), tel. +358 200 3000 (service in Finnish, local network charge/mobile call charge), Monday to Friday 8:00 a.m. to 6:00 p.m. (Finnish time) tel. +358 200 5000 (service in Swedish, local network charge/mobile call charge) or Monday to Friday 8:00 a.m. to 6:00 p.m. (Finnish time), tel. +358 200 70 000 (service in English, local network charge/mobile call charge);

- Nordea Business Centre for Nordea corporate customers with bank identifiers, Monday to Friday 8:00 a.m. to 8:00 p.m. (Finnish time), tel. +358 200 2121 (service in Finnish, local network charge/mobile call charge), Monday to Friday 9:00 a.m. to 4:30 p.m. (Finnish time), tel. +358 200 2525 (service in Swedish, local network charge/mobile call charge) or Monday to Friday 9:00 a.m. to 4:30 p.m. (Finnish time), tel. +358 200 26262 (service in English, local network charge/mobile call charge). Corporate customers must have a valid LEI code;

- Nordea's branches in Finland (except branches with cash services only) during their respective opening hours; and

- Nordea Private Banking units in Finland (only for Nordea Private Banking customers).

Submitting a Commitment to Nordea by telephone or via Nordea Investor requires a valid Nordea Netbank agreement with Nordea. Companies and other corporations may not submit Commitments via Nordea Investor. Calls to Nordea Customer Service are recorded.

The place of subscription in the Public Offering for other than Nordea's book-entry or equity savings account customers is Nordnet.

The place of subscription in the Public Offering for Nordnet's book-entry account or equity savings accounts customers and also other banks' book-entry account customers is:

- Nordnet's online service at *www.nordnet.fi/koskisen*. The subscription can be made through the online service with the bank codes of Nordnet, Aktia, Danske Bank, Handelsbanken, Nordea, Oma Säästöpankki, Osuuspankki, POP Bank, S-Bank, Säästöpankki and Ålandsbanken. In addition, when separately agreed, the subscription commitment in the Public Offering can be made at Nordnet Bank AB Finnish Branch's office at Yliopistonkatu 5, FI-00100 Helsinki, Finland.

- Subscriptions to equity savings accounts can be made through Nordnet only to an equity savings account provided by Nordnet.

Submitting a Commitment via Nordnet's online service requires personal bank codes. The Commitment can also be made on behalf of a corporation through Nordnet's online service. Estates of a deceased person or persons under guardianship, who are not Nordnet's own customers, cannot submit a subscription commitment through Nordnet's online service, but instead they have to submit the Commitment at Nordnet's office.

A Commitment is considered to have been made when the investor has submitted a signed commitment form to the subscription place in accordance with the instructions of the subscription place or when the investor has confirmed the Commitment with bank identifiers in accordance with the instructions of the subscription place and paid for the subscription concerned by the Commitment. A Commitment submitted as a web subscription is deemed to have been made when the investor has made the Commitment in accordance with the terms and conditions of the web subscription or has confirmed the Commitment with his or her bank identifiers and paid for the share subscription price in accordance with the Commitment. Any further detailed instructions issued by the subscription place must be taken into consideration when submitting a Commitment.

Commitments by or on behalf of persons under the age of 18, or otherwise under guardianship, must be made by their legal guardians, and may require the approval of the local guardianship authority. A guardian may not subscribe for Offer Shares without the permission of the local guardianship authority, as the Offer Shares are not yet subject to trading at the time of the Commitment.

Commitments may only be cancelled in the manner and situations referred to under "—*General Terms and Conditions of the Offering—Cancellation of Commitments*" above.

Payment of Offer Shares

When submitting a Commitment, the price to be paid for the Offer Shares is the Subscription Price (*i.e.*, EUR 6.14 per Offer Share) multiplied by the number of Offer Shares covered by the Commitment. If the Subscription Price is decreased, the new Subscription Price will be applied to the Commitments submitted thereafter.

The payment of a Commitment submitted in an office of Nordea will be debited directly from the investor's bank account in Nordea, or it may be paid in cash. The payment corresponding to the Commitment that has been submitted through Nordea Investor will be charged from the investor's bank account when the investor confirms the Commitment with his or her bank codes.

The payment for a Commitment submitted via Nordnet's online service will be charged from Nordnet's own depository customers from their cash account in Nordnet and from other investors from a bank account in another bank when the investor confirms the Commitment with his or her bank codes.

Approval of Commitments and Allocation

The Company will decide on the allocation of Offer Shares in the Public Offering to investors after the Completion Decision. The Company and will decide on the procedure to be followed in any over-demand situations. Commitments may be approved or rejected in whole or in part. In the event of an oversubscription, the Company aims to approve subscribers' Commitments in whole up to a limit to be decided at a later stage and, insofar that this amount is exceeded, the aim is to allocate Offer Shares in proportion to the amount of Commitments unmet.

Confirmations regarding the approval of the Commitments and the allocation of Offer Shares will be sent to the investors who have submitted their Commitments in the Public Offering as soon as possible and at the latest on or about December 5, 2022. Nordnet's own customers who have made their Commitments via Nordnet will see their Commitments as well as the Offer Shares allocated to them on the transaction page of Nordnet's online service.

Refunding of Paid Amounts

If the Commitment is rejected or only partially approved and/or if the Subscription Price is changed and the new Subscription Price is lower than the amount paid at the time of submitting the Commitment, the excess amount paid will be refunded to the party that made the Commitment to the Finnish bank account identified in the Commitment on or about the fifth (5th) banking day after the Completion Decision, on or about December 8, 2022. To Nordnet's own customers who have given their Commitments via Nordnet's subscription place, the amount to be refunded will be paid to a Nordnet cash account. If an investor's bank account is in a different bank than the subscription place, the refund will be paid to a bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. If Commitments submitted by the same investor have been combined, any refund will be paid to the same bank account from which the subscription payment was made. No interest will be paid on the refunded amount. See also "—*General Terms and Conditions of the Offering—Cancellation of Commitments—Procedure to Cancel a Commitment*" above.

Entry of Offer Shares into Book-entry Accounts

Investors submitting Commitments in the Public Offering must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and the investor must specify the details of his/her/its book-entry account in the Commitment. Subscriptions to equity savings accounts can be made through Nordea only to an equity savings account provided by Nordea and though Nordnet only to an equity savings account provided by Nordnet. The Offer Shares allocated in the Public Offering will be recorded in the book-entry accounts of investors who have made an approved Commitment, on or about the first banking day after the Completion Decision on or about December 1, 2022.

Special Terms and Conditions Concerning the Institutional Offering

Overview

Preliminarily a maximum of 4,923,605 Offer Shares are being offered in the Institutional Offering to institutional investors through private placements in Finland and, in accordance with applicable laws, internationally on the terms and conditions set forth herein. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering, the

Institutional Offering and the Personnel Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 262,944 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

Offer Shares will be offered in the Institutional Offering to institutional investors outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and otherwise in compliance with said regulation. The Shares (including the Offer Shares) have not been, and will not be, registered under the U.S. Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S). For more information on restrictions concerning the offering of the Offer Shares, see "*Important Information*."

The subscription place has the right to reject a purchase offer of an institutional investor in the Institutional Offering (a "**Purchase Offer**"), either partially or wholly, if it does not comply with the terms and conditions herein or if it is otherwise incomplete.

Right to Participate and Subscription Places

An investor, whose Purchase Offer is at least 17,001 Offer Shares, may participate in the Institutional Offering. Entities submitting a Purchase Offer must have a valid LEI code.

The Purchase Offers of institutional investors will be received by the Global Coordinator, and also Nordnet as regards Nordnet's own customers.

Approval of Purchase Offers and Allocation

The Company will decide on the acceptance of Purchase Offers submitted in the Institutional Offering in connection with the Completion Decision. The Company will decide on the procedure to be followed in any over-demand situations. Purchase Offers may be approved or rejected in whole or in part. A confirmation of the approved Purchase Offers in the Institutional Offering will be provided as soon as practicable after the allocation.

Payment of Offer Shares

Institutional investors must pay for the Offer Shares corresponding to their accepted Purchase Offers in accordance with the instructions issued by the Global Coordinator on or about December 5, 2022. In connection with a Purchase Offer being made or before the approval of a Purchase Offer, the Global Coordinator has the right, provided by the duty of care set for securities intermediaries, to require that the investor provides information concerning its ability to pay for the Offer Shares corresponding to its Purchase Offer or require that the payment for the Offer Shares concerned by the Purchase Offer be made in advance. The amount to be paid in this case is the Subscription Price (*i.e.*, EUR 6.14 per Offer Share) multiplied by the number of Offer Shares covered by the Purchase Offer. If the Subscription Price is changed, the new Subscription Price will be applied to the offers submitted thereafter. Possible refunds will be made on or about the fifth (5^{th}) banking day following the Completion Decision, on or about December 8, 2022. No interest will be paid on the refunded amount.

Subscription Undertakings

Varma Mutual Pension Insurance Company, Elo Mutual Pension Insurance Company, Stephen Industries Inc Oy and UB Fund Management Company Ltd (each separately a "**Cornerstone Investor**" and together, the "**Cornerstone Investors**") have given subscription undertakings in relation to the Offering, under which they commit to subscribe for Offer Shares at the Subscription Price subject to certain provisions and subject to the condition that the value of the Company's existing Shares does not exceed approximately EUR 109 million. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors are guaranteed the amounts of Offer Shares covered by the subscription undertakings.

The Cornerstone Investors have given the following subscription undertakings:

- Varma Mutual Pension Insurance Company EUR 5.0 million;
- Elo Mutual Pension Insurance Company EUR 5.0 million;
- Stephen Industries Inc Oy EUR 3.0 million; and
- UB Fund Management Company Ltd EUR 1.5 million.

Special Terms and Conditions Concerning the Personnel Offering

Overview

Preliminarily a maximum of 72,332 New Shares (the "**Personnel Shares**") are being offered for subscription in the Personnel Offering to all employees who are in a full- or part-time permanent employment relationship with the Company or its subsidiaries in Finland at the start of the subscription period on November 21, 2022, as well as to the members of the Board of Directors and the management team of the Company (the "**Personnel**"). Depending on the demand, the Company may reallocate Offer Shares between the Public Offering, the Institutional Offering and the Personnel Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 262,944 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

Right to Participate in the Personnel Offering

The Personnel are entitled to subscribe for Offer Shares in the Personnel Offering. The right to participate in the Personnel Offering is personal and non-transferrable. A member of the Personnel entitled to participate may, however, make a subscription through an authorized representative. Personnel participating in the Personnel Offering may also participate in the Public Offering subject to its terms if they wish.

A Commitment provided in the Personnel Offering must concern a minimum of 100 Personnel Shares.

Personnel must agree to comply with the lock-up to participate in the Personnel Offering. In accordance with the lock-up, Personnel participating in the Personnel Offering may not, without the prior written consent of the Global Coordinator (which consent may not be unreasonably withheld), during a period ending 360 days after the Listing, (*i.e.*, on or about November 26, 2023) sell, short sell, or otherwise directly or indirectly transfer Personnel Shares, option rights or warrants to own Personnel Shares or other securities exchangeable for or convertible into or exercisable for Personnel Shares that they may hold or have purchased in the Personnel Offering or be authorized to transfer. When making subscriptions, persons participating in the Personnel Offering accept that they will be bound without separate measures by the aforementioned lock-up period and that it will be recorded on the subscriber's book-entry account by the Company.

Subscription Price of the Personnel Offering and the Allocation of Personnel Shares

The subscription price of the Personnel Offering is 10 percent lower than the Subscription Price in the Public Offering (*i.e.*, EUR 5.53 per Offer Share). When submitting a Commitment, the subscription price payable for the Offer Shares offered in the Personnel Offering is 10 percent lower than the Subscription Price multiplied by the number of Shares covered by the Commitment.

The Board of Directors will decide on the allocation in the Personnel Offering in connection with the Completion Decision. The Board of Directors will decide on the procedure to be followed in the event of an oversubscription. Commitments may be approved or rejected in whole or in part. In the event of an oversubscription, the Board of Directors aims to approve Commitments in full up to the limit that will be set out later and, for Commitments exceeding this amount, allocate Personnel Shares in proportion to the amount of Commitments unmet.

Places of Subscription and Submission of a Commitment

The subscription place in the Personnel Offering is Nordnet. In the Personnel Offering, Commitments will be submitted and payments will be made to the persons entitled to participate in accordance with separate instructions.

A Commitment will be considered to have been made when the investor has submitted a signed commitment form to the place of subscription in accordance with instructions of the place of subscription or has confirmed the Commitment with bank identifiers and paid the subscription payment of the shares in accordance with said Commitment and undertaken to comply with the lock-up provided for in these terms and conditions. Possible further instructions given by the subscription place must be observed when submitting the Commitment. Commitments given in the Personnel Offering are binding and cannot be altered and can only be cancelled in the manner and situations referred to in "*—General Terms and Conditions of the Offering—Cancellation of Commitments*" above.

The Company, the Global Coordinator or Nordnet has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions herein or if it is otherwise incomplete.

Confirmation regarding the approval of the Commitments and the allocation of Offer Shares will be sent to the investors who have submitted their Commitments in the Personnel Offering as soon as possible and at the latest on or about December 7, 2022. Nordnet's own customers who have submitted their Commitments via Nordnet will see their Commitments and the Offer Shares allocated to them on the transaction page of Nordnet's online service.

Refunding of Paid Amounts

If a Commitment is rejected or only partially approved and/or if the subscription price of the Personnel Shares is changed and the new subscription price is lower than the price paid in connection with the Commitment, the amount paid or part thereof will be refunded to the party that made the Commitment to the Finnish bank account identified in the Commitment on or about the fifth (5^{th}) banking day after the Completion Decision, on or about December 8, 2022. To Nordnet's own customers who have given their Commitments via Nordnet's subscription place, the amount to be refunded will be paid to a Nordnet cash account. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to the investor's bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. If Commitments submitted by the same entitled person have been combined, any refund will be paid to the bank account from which the subscription payment was made. No interest will be paid on the refunded amount. See also "*—General terms and conditions of the Offering—Cancellation of Commitments—Procedure to cancel a Commitment*" above.

Entry of Personnel Shares into Book-entry Accounts

An investor submitting a Commitment in the Personnel Offering must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and the investor must specify the details of its book-entry account in its Commitment. Subscriptions to an equity savings account can be made in the Personnel Offering only to an equity savings account provided by Nordnet. Personnel Shares allocated and paid for in the Personnel Offering will be entered into the investors' book-entry accounts/securities accounts on or about December 1, 2022.

INDUSTRY AND MARKET OVERVIEW

In this section, Koskisen makes certain statements regarding markets in which it currently operates, expected growth in such markets and its competitive and market position. The information is based on Koskisen's estimates and/or analyses relying on multiple sources, including the Finnish Ministry of Environment, National Resources Institute, Statista and the AFRY Market Study. See "Certain Matters—Market and Industry Information."

Introduction

Koskisen is a Finnish, family-owned wood processing company with more than a hundred years of history operating on the wood products markets. Koskisen's main market segments include sawn softwood, birch plywood and chipboard. For the year ended December 31, 2021, Koskisen had sales from approximately 70 countries and 38 percent of its revenue was generated from Finland, 33 percent from the rest of the EU and 29 percent from other countries, mainly the United Kingdom and the Asian market where Japan is an important market for the Company (for the year ended December 31, 2020, 43 percent of revenue was generated from Finland, 34 percent from other EU countries and 23 percent from other countries).

Key Market Segments

The wood product markets relevant for Koskisen are divided into three main market segments: sawn softwood, birch plywood and chipboard. Koskisen's presence in the three market segments, with various products in each market segment with various end uses, offers diversification against market demand and price volatility in any one geography, market segment or product category.

Sawn Softwood

The sawn softwood market segment consists of sawn products that are used for furniture and industrial construction and processed timber products that are used mainly for interior and exterior cladding panels, furniture and other applications as well as for construction purposes. Koskisen produces sawn wood from Nordic spruce and pine, the end products of which are primarily sawn timber and further processed timber.

The end uses of sawn softwood in the European market in 2021 was divided to construction (60 percent), packaging and other (19 percent), joinery (15 percent) and furniture (6 percent). Different end uses require different technical and visual qualities of the sawn softwood. Price levels vary based on products, quality levels, and the general supply–demand situation. Prices have reached all time high levels during the past 18 months on a global level due to strong demand relative to the available supply, particularly in Europe and North America. (*Sources: Company information, AFRY Market Study.*)

Renewable resources, such as sawn softwood, can be used to reduce emissions in the construction sector. Construction is the main driver for the global sawn softwood demand and it generally follows the broader economic cycles. The sawn softwood market segment is expected to grow mainly due to continuous urbanization and increased demand from the construction sector. The global annual sawn softwood volume demand is expected to grow at an average annual growth rate of 1.9 percent until 2030 from 2021 levels. (*Sources: Company information, AFRY Market Study.*)

Birch Plywood

Plywood is a thin but strong wooden board made of multiple veneer sheets that are glued and then pressed together with the direction of the grain altering creating cross-laminated layers. Plywood binds resin and wood fiber sheets to create a composite material that is sold as panels. The core layers of plywood act as a separator between the outer layers improving resistance and moldability of the plywood. The plywood panels are lightweight and durable and, therefore, act as a suitable material for various end uses. Thin plywood is manufactured in the same way, but using thinner veneer sheets than for regular plywood.

The birch plywood market segment offers products for the construction industry, vehicles, packaging, die cutting, interior design and the joinery industry. Birch plywood is used in these industries mainly for its good technical properties and durability. Substitutes for plywood products are limited due to birch plywood's technical characteristics, such as durability, but it may in selected end applications be substituted with poplar or other hardwood plywoods. In contrast to the general end uses of plywood that focus on the construction sector, Koskisen's offering is more geared towards the transportation and logistics sectors. In 2021, 46.5 percent of Koskisen's revenue from plywood was derived from the logistics and transportation sector.

Most of the global birch plywood market is located in Europe due to the tradition of using birch plywood instead of other board alternatives. Demand for birch plywood has steadily been growing both in Europe and globally due to strong growth in the transportation and construction sectors. Demand in other regions has grown strongly during recent years, accounting for almost a third of the global demand in 2021. Major supply shortages in the European market have recently occurred due to the sanctions on imports from Russia, which was previously the largest exporter of birch plywood to Europe. (*Source: AFRY Market Study.*)

The main market for Koskisen's birch plywood is in Europe. Koskisen produces plywood and thin plywood from birch logs. Almost 90 percent of Koskisen's plywood is sold coated. The end uses for Koskisen's plywood products include, among other things, vehicles, construction, die cutting and furniture. Koskisen's Kore products, which are produced in Koskisen's production facility in Toporów, Poland, are sold for flooring components, lining components, wheel arch covers and accessories for light and heavy commercial vehicles ("**LCVs**").

Chipboard

The chipboard market segment comprises a wide range of products suitable for applications within the furniture, interior design and construction industries. The chipboard itself typically consists of three layers where fine particles are on the surface and coarse particles in the core, for which the raw materials often come from low-value wood or residues (*e.g.*, woodchips and saw dust) that are then coated (*e.g.*, with melamine (Melamine Faced Chipboard "**MFC**")) in order to enhance durability. In the furniture and interior design industry, chipboard is used for cabinets and affordable ready-to-assemble and flatpack furniture, such as shelves, doors and covering boards as well as within logistics chipboard can be used for various, applications such as ceiling panels.

The European chipboard market is projected to grow in terms of demand and production volume until 2030, driven by increasing construction and furniture manufacturing in the region. In 2022, the growth will slow down somewhat compared to 2021 due to a significant portion of the European production and consumption coming from Ukraine and its neighboring countries in addition to the sanctions and trade embargos of Russian and Belarusian wood products. The demand is estimated to grow annually approximately 2.2 percent until 2030 from 2021 levels mainly due to increased demand from the furniture manufacturing and construction industries. (*Sources: Company information, AFRY Market Study.*)

Koskisen offers a broad selection of chipboard products for construction, furniture and interior design. The chipboard products are produced at Koskisen's production facility in Järvelä, Finland, which is the only chipboard mill in Finland. Koskisen benefits from its integrated production setup, which allows it to utilize sawdust from its sawing operations as the raw material for its chipboard. In 2021, approximately 75 percent of Koskisen's chipboard production was sold in Finland and Koskisen's production covered approximately one-half of the total chipboard demand in Finland. Of the total amount of chipboard produced by Koskisen, approximately half is surface treated with, for example, melamine. (*Sources: Company information, AFRY Market Study.*)

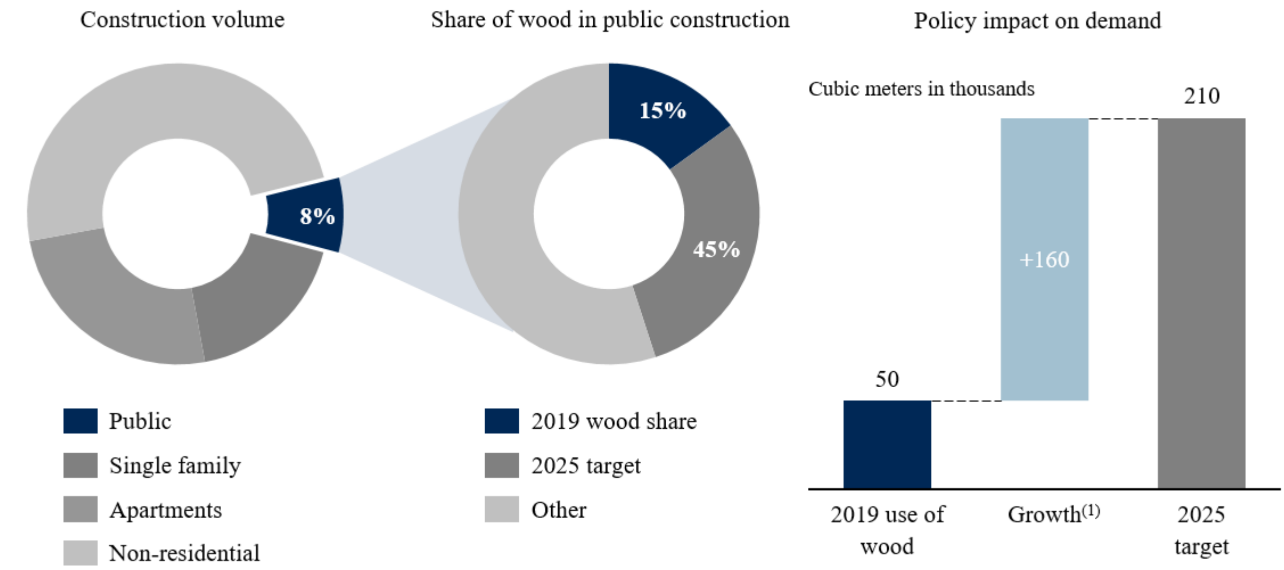
Key Demand Drivers

According to the Company's estimate, Market growth is expected to be driven by several sustainability linked factors as environmental awareness is a key megatrend impacting all aspects of the market. Koskisen believes that companies that focus on sustainability throughout the value chain and include it in their strategies are well-positioned to take advantage of this trend. The key market drivers of the wood products market are expected to be (i) regulation to cut emissions, (ii) growing construction volumes derived from, according to the Company, for example, increasing urbanization, (iii) increasing logistics volumes and (iv) growth of the wooden furniture market as a sub-market of the global furniture market. (*Sources: Company information, AFRY Market Study.*)

Increasing Regulation to Cut Emissions Supports the Use of Wood Products

Several policies and initiatives across Europe aim to support the transition to a circular economy, enabling increased demand for wood products, and are some of the key drivers in green construction. For example, the Finnish government aims to increase the use of wood in public construction to 45 percent by 2025 from 50,000 cubic meters in 2019 to 210,000 cubic meters in 2025. The resulting demand growth, approximately 160,000 cubic meters, would represent approximately 5 percent of the current sawn wood market in Finland. As of 2019, the wood share of construction in single family homes was 90 percent, in public buildings 15 percent, in non-residential buildings 15 percent and in apartments 5 percent. (*Sources: AFRY Market Study, Finnish Ministry of Environment.*)

The following charts illustrate the estimated impacts of public programs and initiatives on the demand for wood construction materials in Finland:



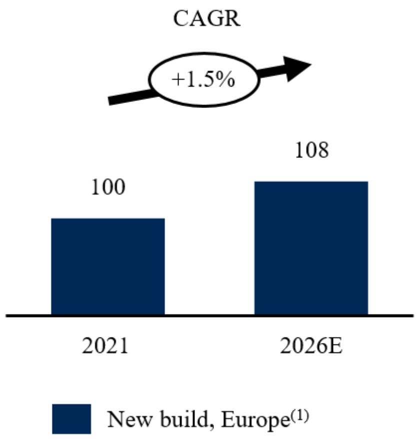
(1) Assuming that the building volume is the same in 2019 and 2025.

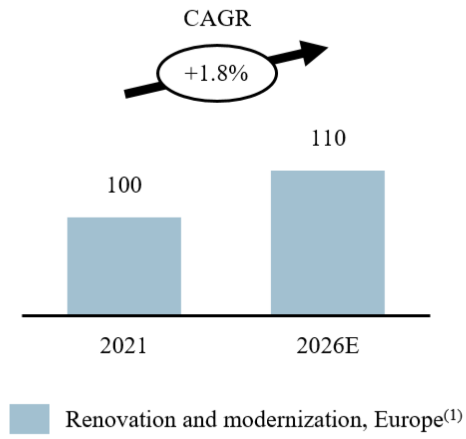
Other examples of regulation shift in Europe include the French government's requirement that all new public buildings be built of at least 50 percent of timber or other sustainable materials. An increase of 350,000–400,000 cubic meters corresponds to approximately 4 percent of the total French sawn softwood market between 2019 and 2025. The "Charter for wood 2.0" program in Germany aims to increase the contribution of sustainable forestry and wood use to climate change mitigation. The "Forest and Wood Action Plan" in the Netherlands set by forest and timber organizations proposes to use more timber in construction. The Action Plan is supported by the Dutch Prime Minister and state secretary of the Ministry of the Environment and Infrastructure. The UK's "Home Grown Home" program is intended to support local supply chains and boost the construction of residential homes made from wood. The EU's forest and biodiversity strategies, as well as the proposal to amend the regulation on land use, land use change and forestry (LULUCF Regulation) also guide to the utilization of responsible natural resources. (*Source: AFRY Market Study.*)

Growing Construction Volumes as a Result of Urbanization Combined with Wood Materials Create Demand for Wood Products

A construction market with a forecast for long-term growth driven by, for example, increasing urbanization, is expected to support growth in demand for wood products, further supported by the expectation of wood's increasing share of the construction materials markets due to increasing environmental awareness and regulation. Construction is the largest end-use sector of both the general wood products market and Koskisen's products. Koskisen believes that it is well positioned to offer its customers the wood products needed to fulfill sustainability requirements. (*Sources: AFRY Market Study, IHS Markit Ltd ("**IHS**").*)

The following charts set forth information on the indexed values and forecast compound annual growth rates ("**CAGR**") for both new builds and renovation and modernization between 2021 and 2026:



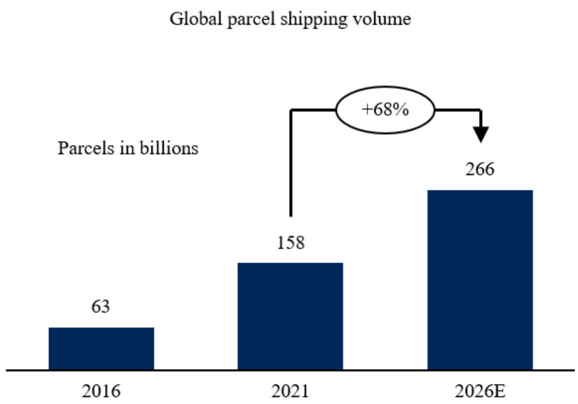


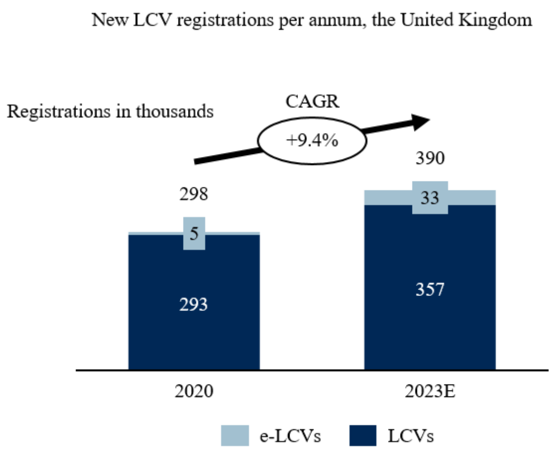
Sources: AFRY Market Study, IHS.
E Forecast.
(1) The forecast is based in real terms, indexed (2021 = 100).

Increasing Logistics Volumes and Need for Transportation Vehicles Create Demand for Plywood Solutions in the Light Commercial Vehicle Industry

Projected increasing logistics volumes driven by globalization and e-commerce are expected to increase the demand for LCVs, such as trailers, trucks and vans. Gross domestic product, which is used as a proxy for industrial production and general economic activity, which affect global logistics and transport volumes, is predicted to grow at a CAGR of 6.1 percent between 2021 and 2026. Plywood is used in LCVs as interior solutions, such as floors, linings and shelves, in order to provide a durable, comfortable and comparatively light material. Koskisen's Kore business offering covers all of the paneling needs for LCVs (*Sources: Company information, The Society of Motor Manufacturers and Traders Limited ("**SMMT**") (New Car and LCV Registrations Outlook to 2023 at July 2022), International Monetary Fund (World Economic Outlook Database, April 2022), Statista (Global Parcel Shipping Volume between 2013 and 2026, September 2021).*)

The following charts set forth information on global parcel shipping volumes and their forecast development as well as annual new LCV registrations in the United Kingdom and their forecast CAGR for the periods indicated:



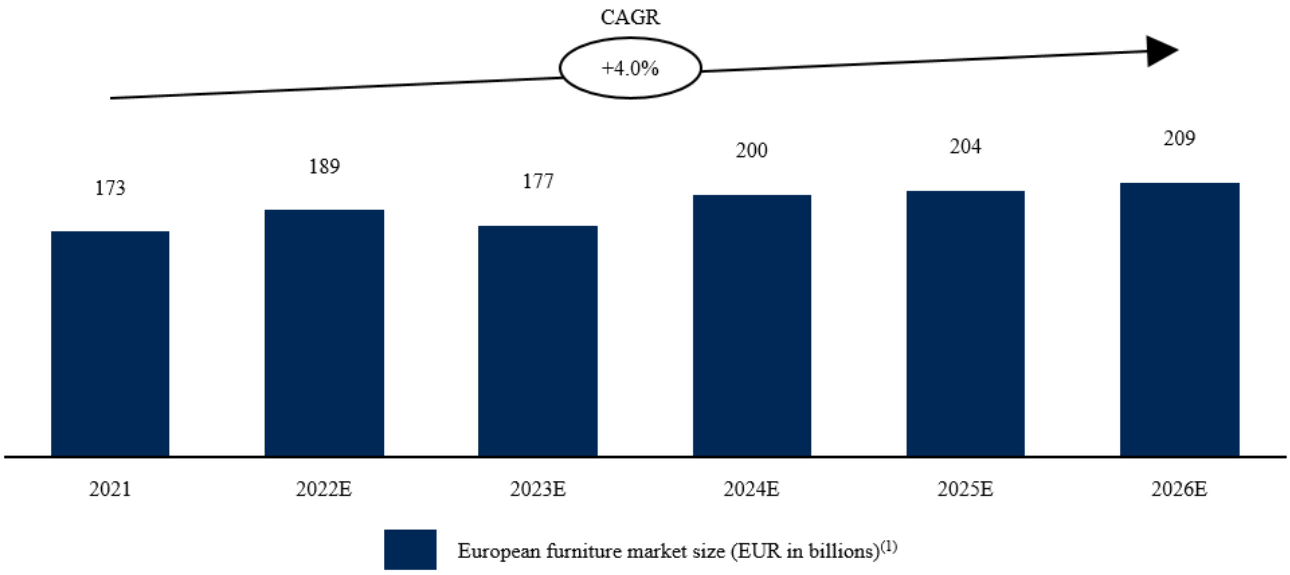


Sources: SMMT (New Car and LCV Registrations Outlook to 2023 at July 2022), Statista (Global Parcel Shipping Volume between 2013 and 2026, September 2021).
E Forecast.

Increasing Use of Wood in Furniture as More Sustainable, Durable and Resistant Alternative

According to Koskisen, wood is currently a popular material in furniture production due to its features, such as durability, versatility, sustainability and trendiness. High-quality wood, chipboard and plywood are becoming especially popular in furniture production. A major contributor to furniture demand growth is expected to be the forecast increase in the number of first-time home buyers in Europe between 2022 and 2026. Wood's position as a sustainable alternative for furniture is expected to attract consumers and thereby contribute to increased demand for wood. Koskisen's panel products are widely used in different applications in the furniture industry. (*Sources: Statista (European Furniture Market Sizes, June 2022), Company information.*)

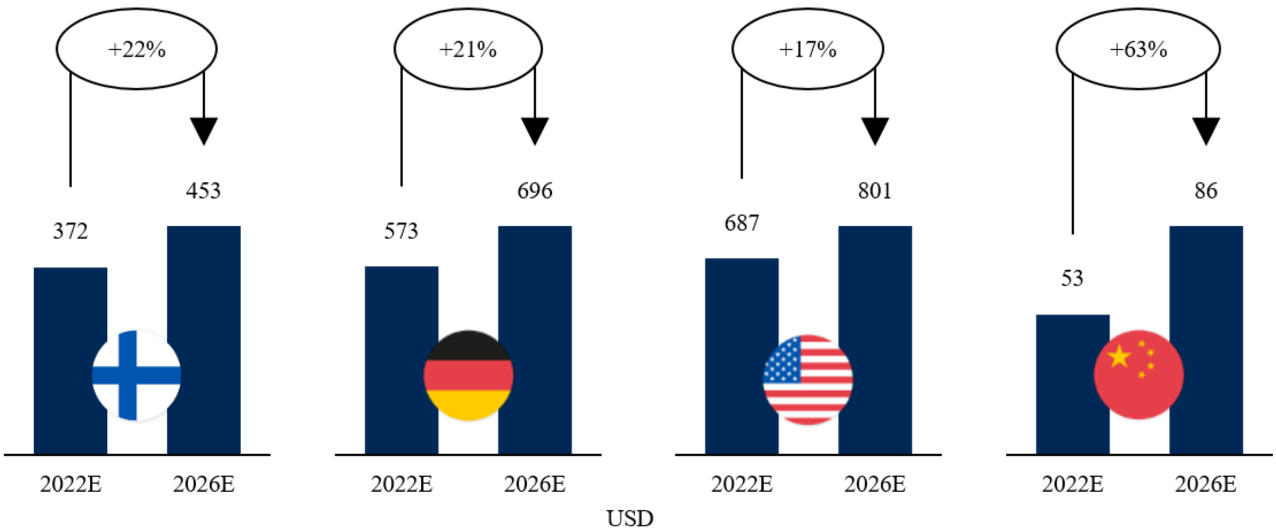
The following chart sets forth information on the size and forecast CAGR of the European furniture market for the periods indicated:



Source: Statista (European Furniture Market Sizes, June 2022).
E Forecast.
(1) Data shown is using exchange rates as at September 12, 2022, and reflects market impacts of the Russia-Ukraine war.

The estimated per capita revenue of the furniture industry is expected to grow significantly between 2022 and 2026. For example, the revenue per capita in Finland is estimated to grow by 22 percent and in China by 63 percent over the period in question. In particular, the Asian market is believed to have significant untapped value potential. (*Sources: Statista (Per Capita Revenue of Furniture Industry in Certain Countries (USD), June 2022).*)

The following charts set forth information on the forecast per capita revenue in the furniture industry in USD in certain countries for the periods indicated:



Source: Statista (Per Capita Revenue of Furniture Industry in Certain Countries (USD), June 2022).
E Forecast.

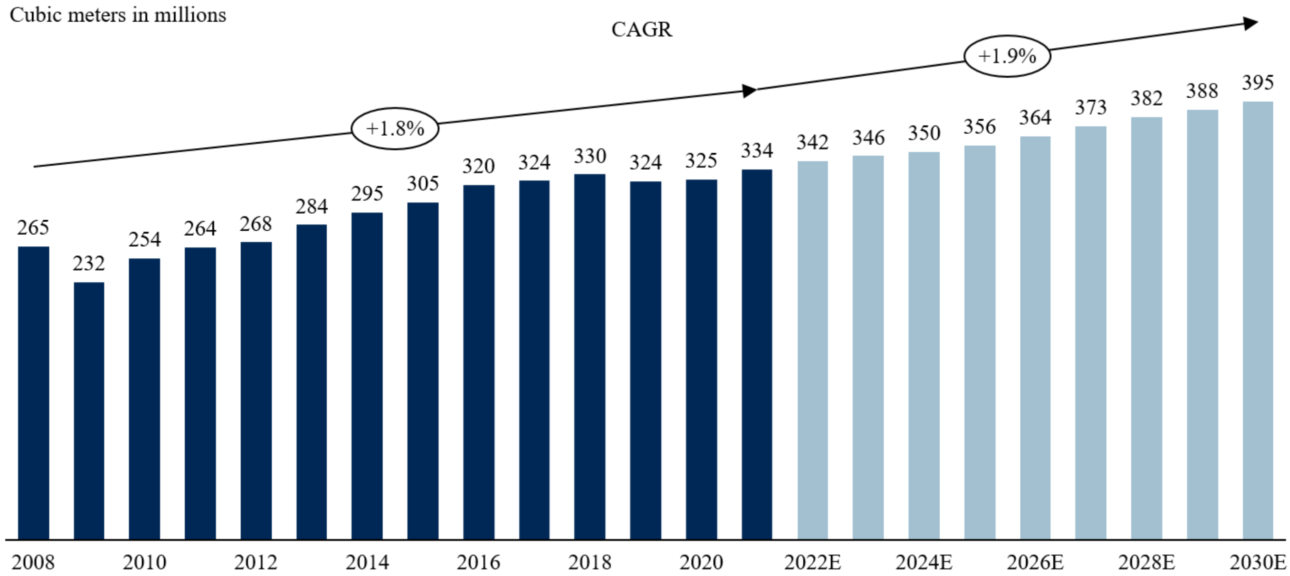
Overview of Demand

Global Sawn Softwood Market is Expected to Develop Positively

The value of the global sawn softwood market was estimated to amount to EUR 155 billion in 2021, of which 22 percent is considered as addressable for Koskisen as Russian larch cannot be substituted by Finnish spruce or pine due to different mechanical properties. In addition, lower density and lower priced non-Nordic sawn softwood is considered non-addressable for Koskisen. (*Sources: AFRY Market Study, Company information.*)

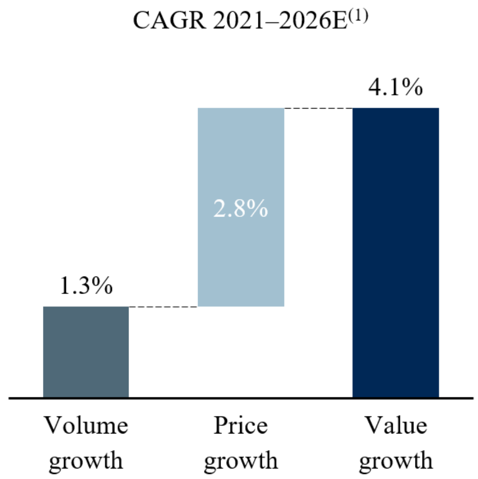
The sawn softwood market is a global market with 15 percent of global output shipped between continents in 2021, of which Asia is the main driver for growth. The sawn softwood market is also fragmented, with even the largest wood-processing companies holding only relatively minor shares of the global market. Global players typically compete with local suppliers. The global sawn softwood markets are expected to grow due to increasing demand in, for example, wood construction. According to Koskisen, it has an excellent market position due to its quality products, Asian sales reach, and availability of high-quality raw material. Koskisen also sees significant potential in the United States as an addressable market. (*Sources: AFRY Market Study, Company information.*)

The following chart sets forth information on global (excluding Russia and Belarus) demand volume for sawn softwood and its CAGR between 2008 and 2030:



Note: Excluding Russia and Belarus.
Sources: AFRY Market Study, Company information.
E Forecast.

The following chart sets forth information on forecast CAGRs for volume growth, price growth and value growth of the European sawn softwood market between 2021 and 2026:



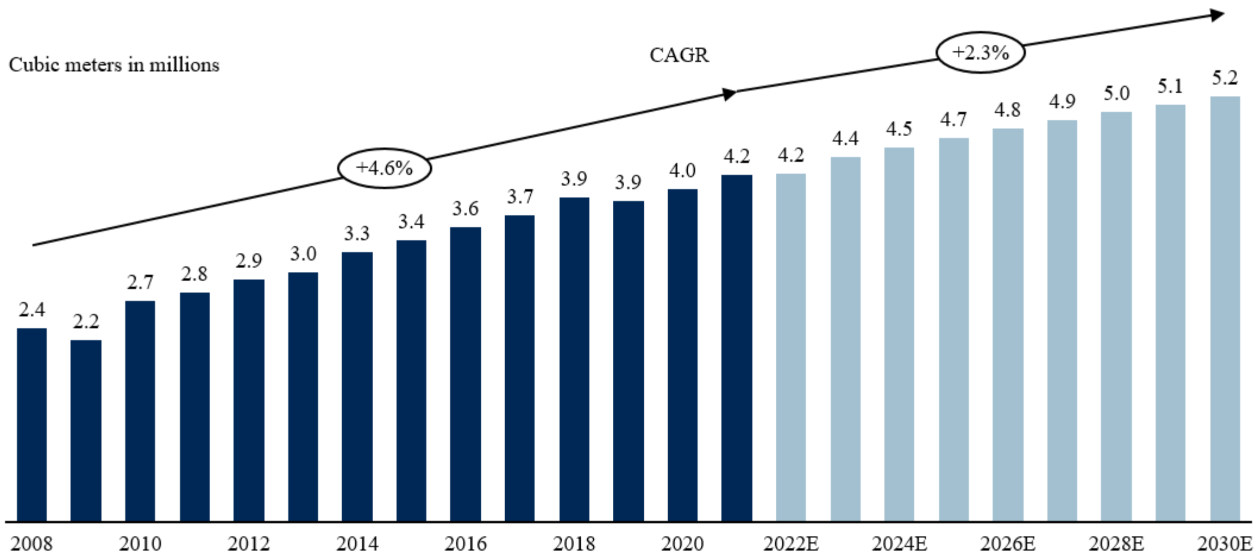
Sources: AFRY Market Study, Company information.
E Forecast.
(1) Based on AFRY Market Study projections.

Birch Plywood Market is Expected to Develop Well in the Forecast Period

The value of the global birch plywood market was estimated to amount to EUR 3.1 billion in 2021, of which 66 percent, or more than EUR 2 billion, is considered addressable for Koskisen. Koskisen will continue to focus on high-end applications in its addressable market. (*Sources: AFRY Market Study, Company information.*)

Geographically, most of the birch plywood market is in Europe due to the European tradition of using birch plywood instead of other board alternatives; however, demand in other geographical regions has grown since 2008, accounting for almost one-third of global demand in 2021. The main drivers behind the growth of birch plywood are expected to be linked to growth in the logistics and construction sectors globally. The main growth driver for the birch plywood market is the value growth fueled by a significant imbalance between supply and demand in Europe. Birch plywood is also a durable and strong material, making it suitable for demanding applications (*Source: AFRY Market Study*). Koskisen is expected to benefit from the tight supply situation in Europe in the coming years due to sanctions on imports from Russia (as discussed under "*—Overview of Supply—End Products*" below), since it is one of only a few large birch plywood producers in Europe (see "*—Competitive Environment*" below). (*Sources: AFRY Market Study, Company information.*)

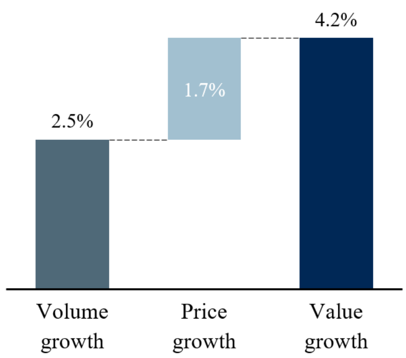
The following chart sets forth information on global (excluding Russia and Belarus) demand volume for birch plywood and its CAGR between 2008 and 2030:



Note: Russian birch plywood not available after the sanctions had a value share of 36 percent of the addressable market in 2021.
Sources: AFRY Market Study, Company information.
E Forecast.

The following chart sets forth information on forecast CAGRs for volume growth, price growth and value growth of the European birch plywood market between 2021 and 2026:

CAGR 2021–2026E(1)(2)



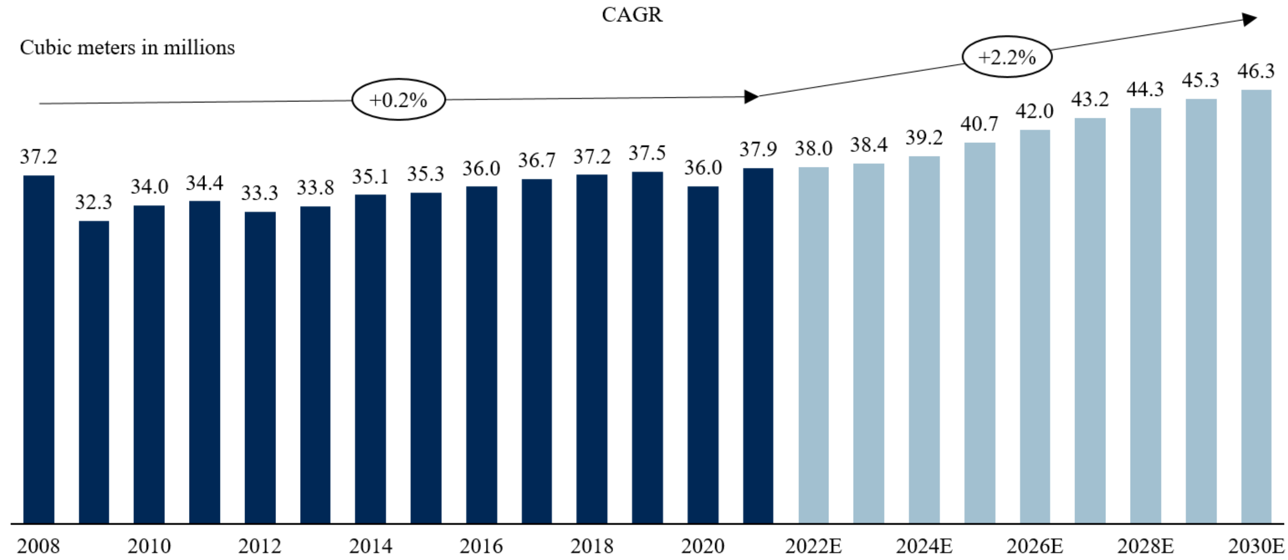
Sources: AFRY Market Study, Company information.
E Forecast.
(1) Excluding Russia and Belarus.
(2) Based on AFRY Market Study projections.

Chipboard Demand is on the Rise, Especially in Eastern Europe

The European chipboard market size in 2021 was estimated to amount to EUR 11 billion, of which 5 percent is considered addressable for Koskisen. Koskisen produces high-quality chipboards from virgin raw materials for higher priced applications mainly for Finnish and Swedish customers. Long-distance transportation of chipboard is not economically feasible, which is why Koskisen's relevant markets are located in the Nordic countries, excluding Iceland, and the Baltic countries. (*Sources: AFRY Market Study, Company information.*)

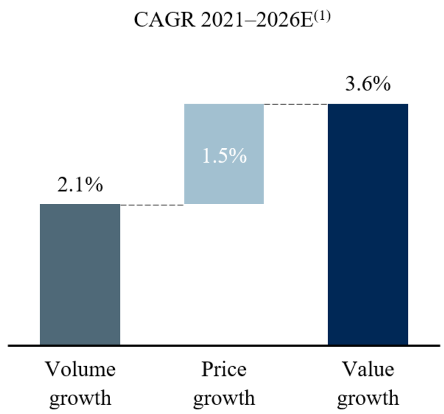
A significant portion of European production and consumption of chipboard is located in Ukraine and neighboring countries. The projected accelerating demand growth is expected to be driven by growing construction industry and furniture manufacturing, especially in Eastern Europe. The Nordic and Baltic chipboard markets are projected to follow a similar trend as wider Europe during 2022 and 2023, however growth rates beyond that are projected to be even stronger (2.7 percent average annual growth in Finland is forecast between 2024 and 2030). Koskisen is a significant player in the Finnish chipboard market since it has the only chipboard mill in Finland and it supplied approximately 47 percent of the total Finnish chipboard demand in 2021. (*Sources: AFRY Market Study, Company information.*)

The following chart sets forth information on European (excluding Russia and Belarus) demand volume for chipboard and its CAGR between 2008 and 2030:



Sources: AFRY Market Study, Company information.
E Forecast.
Note: Excluding Russia and Belarus.

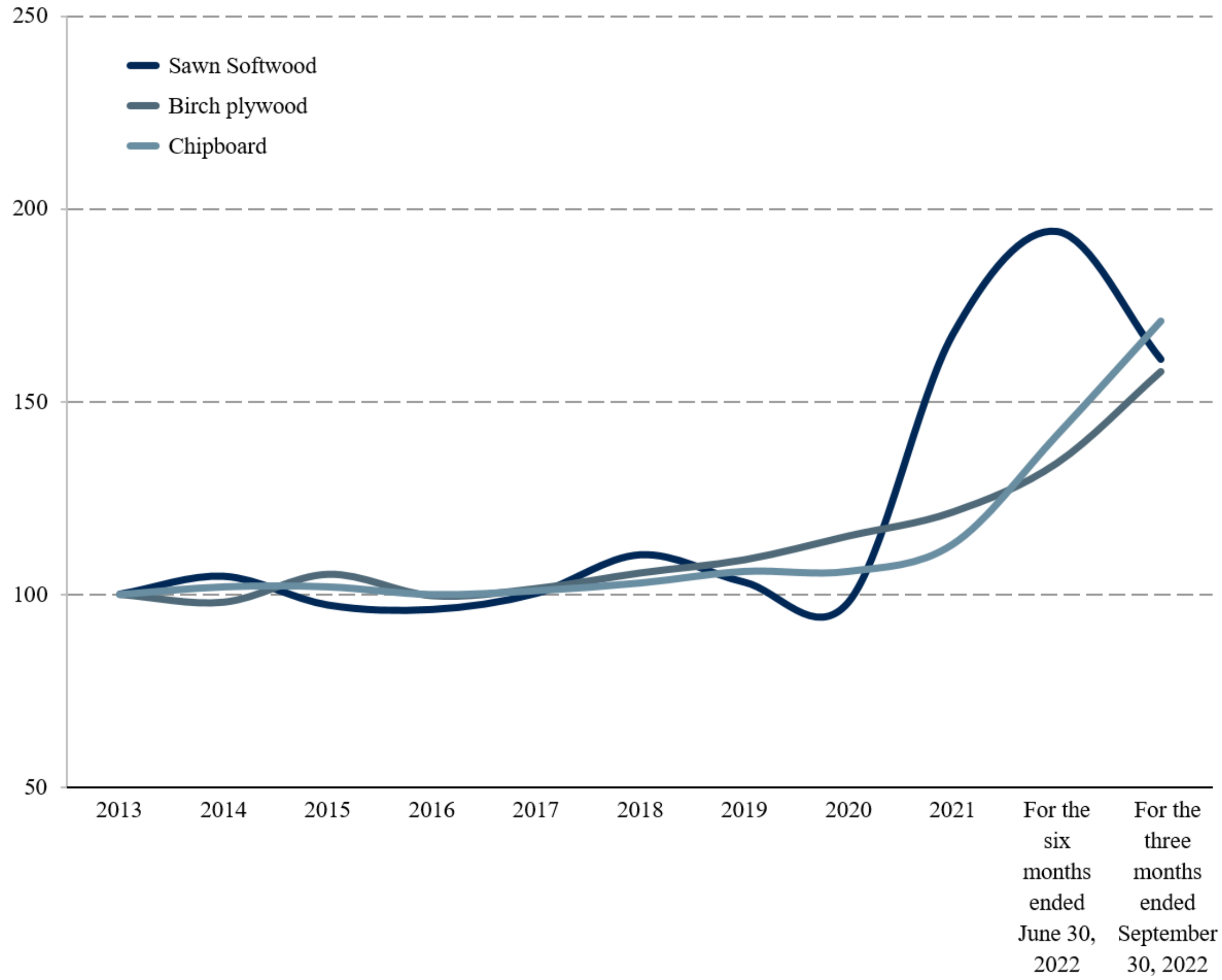
The following chart sets forth information on forecast CAGRs for volume growth, price growth and value growth of the European chipboard market between 2021 and 2026:



Sources: AFRY Market Study, Company information.
E Forecast.
(1) Based on AFRY Market Study projections.

Wood Product Prices Have Historically Fluctuated

The following chart sets forth information on the development of the indexed prices of Koskisen's products:



Source: Company information.

Sawn Softwood

Since start of the COVID-19 pandemic, the global sawn wood prices have increased significantly due to supply shortages and increased demand, particularly within construction and DIY markets. Certain sawmill capacity was down during the second quarter of 2020 as a result of lockdowns and local COVID-19 outbreaks. Although this capacity was rapidly restarted, the total production of sawn wood decreased in 2020 compared to 2019. Access to raw materials in Central European and North American markets had decreased as a result of environmental factors such as storms and insect damage caused by beetles. This caused shortages in high-quality raw materials, which resulted in reduced supply and increasing sawn wood prices, which reached all time high levels during the first half of 2022. Economic slowdown and decreased construction activity led to a decrease in sawn softwood prices during the first half of 2022. Weakened demand for sawn wood products and decreased construction activity led to a further decrease in prices during the third quarter of 2022. (*Sources: AFRY Market Study, Koskisen and Finnish export price development.*)

Plywood

Compared to sawn wood prices, plywood prices have been less volatile between 2013 and the first half of 2022. Plywood prices are influenced by several factors, such as wood species, mechanical properties, appearance, size, thickness, surface veneer quality, additional surfacing (*e.g.*, phenolic or melamine coatings) and manufacturing quality. According to Koskisen, its birch plywood meets the highest quality standards, which has led to above average price levels, as illustrated in the chart under "*—Wood Product Prices Have Historically Fluctuated*" above. (*Source: AFRY Market Study.*)

Chipboard

Prices for chipboard and MFC in Finland has increased from pre-COVID-19 pandemic 2019 levels due to supply shortages resulting from temporary shutdowns at multiple chipboard mills in Europe due to the COVID-19 pandemic. The price increases have also resulted from higher energy and raw material costs as well as an increased demand in 2021. Production costs for wood-based panels in general has increased due to increasing costs of input materials, especially resins and additives based on methanol, urea, phenol and other chemicals. Koskisen believes that it offers the widest range of chipboard grades in the Finnish market, and that its high share of direct sales resulting from historical customer loyalty and after-services support higher sales prices for its products. (*Sources: AFRY Market Study, Particleboard prices in Finland, Company information.*)

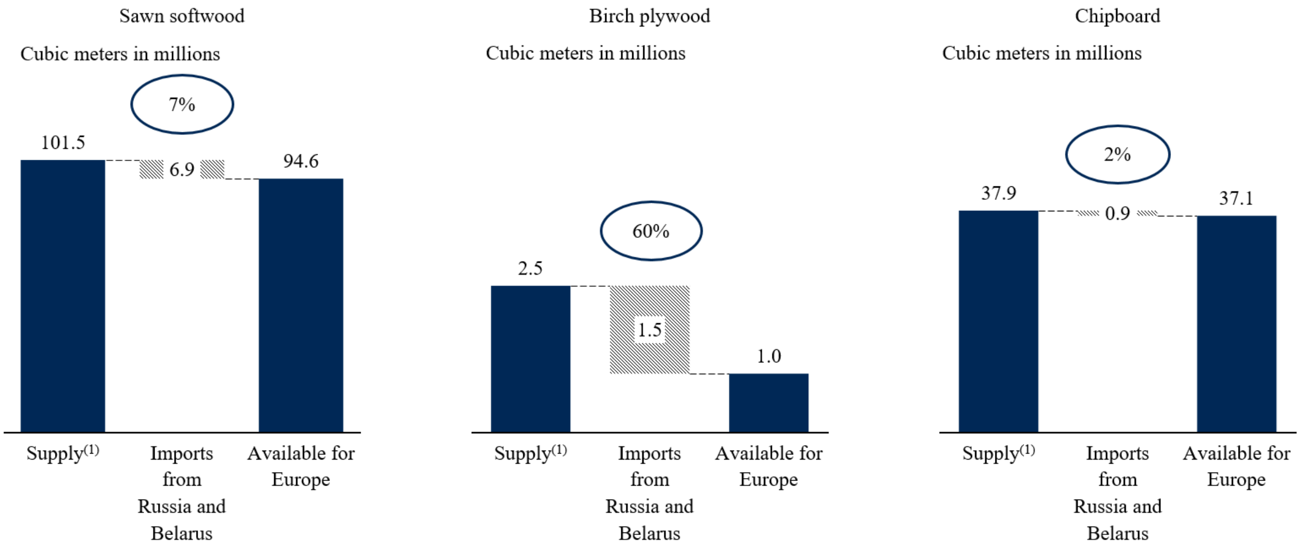
Overview of Supply

End Products

Russia's Exclusion from the Market

Market dynamics in the forestry and wood products industry are being disrupted as supply from Russia and Belarus is subject to sanctions. Particularly in panel products, the restrictions have had an impact on the supply from Russia, which has reduced supply in Europe significantly. Russia has historically been an important supplier of wood products for Europe. The volume of sawn softwood sourced from Russia in 2021 amounted to almost 7 million cubic meters, or 7 percent of the volume available for Europe. The most affected market segment is expected to be birch plywood, where up to 60 percent of the supply has been lost as a result of the sanctions and other similar restrictions. In the chipboard market segment, the sanctions have so far only had a limited effect on the European market. (*Source: AFRY Market Study.*)

The following charts illustrate the estimated effects on supply for the year ended December 31, 2021, of the cessation of imports from Russia and Belarus on the supply of sawn softwood, birch plywood and chipboard in Europe:



Note: The chart only takes into account the changes caused by the cessation of imports from Russia and Belarus.
Source: AFRY Market Study.
(1) European production and imports to Europe, after exported volume.

European wood products producers are expected to benefit from the import ban on Russian products as the decreased supply has resulted in upward pressure on prices compared to historical levels. European producers, who partly fill the shortfalls in supply left by Russian production, are expected to reduce sales to export markets outside Europe in favor of sales to European markets, but the total global supply is expected to decrease as Russian producers may not be able to ship their products globally or may be forced to suspend their operations.

There is uncertainty as to the future of the Russian wood products industry due to, *inter alia*, the following factors:

- most of the wood products producers are located west of the Ural Mountains, and it might not be economically feasible for Russian producers to export products to Asian markets due to shipping costs;

- Russian producers might be unable sell their higher-quality and higher-priced products to the Chinese market, which values low prices;

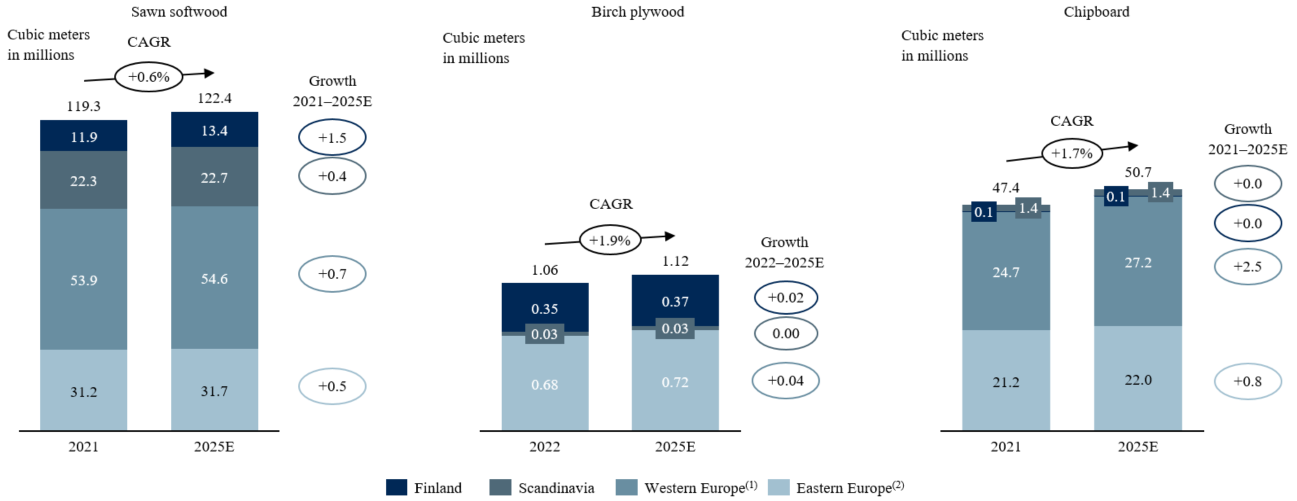
- machinery used in both wood harvesting and processing requires spare parts manufactured in Europe and North America, lack of which will adversely affect the entire production chain;
- it is expected that it will be difficult to sell residues from processing, such as woodchips and dust, as the Russian pulp and paper industry is expected to stagnate, which is expected to further reduce cash flows; and
- harvesting of sawlogs alone is not possible due to naturally occurring log diameter diversity in all forest stands, and lack of demand for pulpwood making harvesting economically unfeasible.

Sources: AFRY Market Study, Company information.

Production Capacity Outlooks in Europe

The currently planned capacity expansions are not expected to be sufficient to meet the forecast growth in demand due to exports out of Europe and lost Russian import volume. For sawn softwood, there is significant uncertainty surrounding the raw material situation in continental Europe going forward, which could have a significant impact on sawn wood output volumes.

The following charts set forth information on sawn softwood and chipboard production capacities in 2021 and their forecast capacity outlooks for 2025 as well as forecast birch plywood production capacity in 2022 and 2025 in certain geographies:



Sources: AFRY Market Study, Company information.

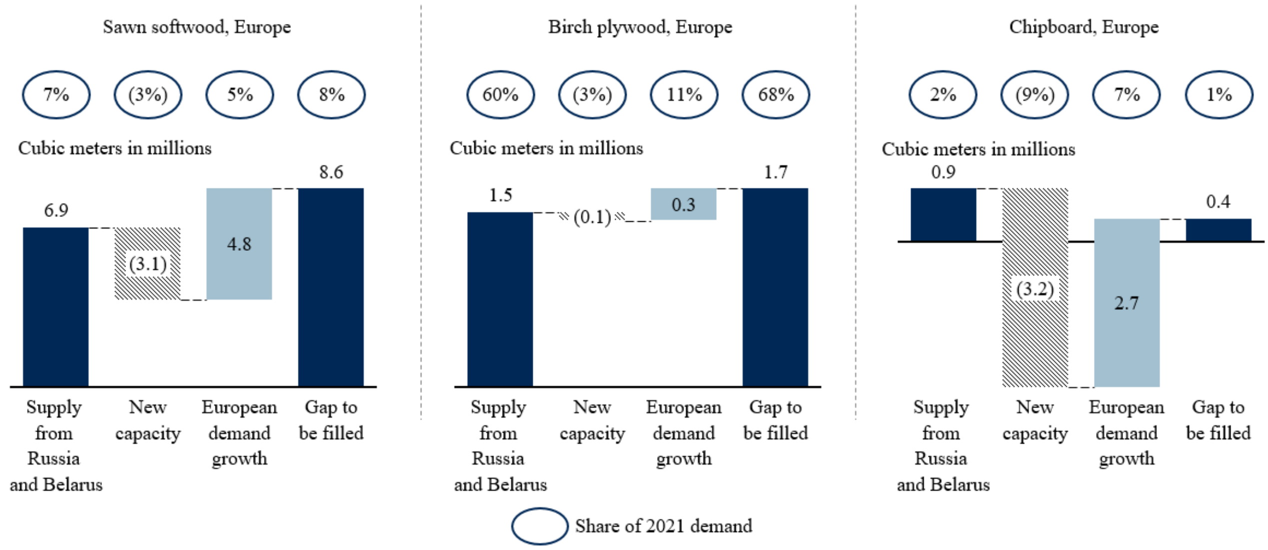
E Forecast.

(1) Including Austria, Belgium, Cyprus, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Switzerland and the United Kingdom.

(2) Including Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Moldova, Montenegro, North Makedonia, Poland, Romania, Serbia, Slovakia, Slovenia, Turkey and Ukraine.

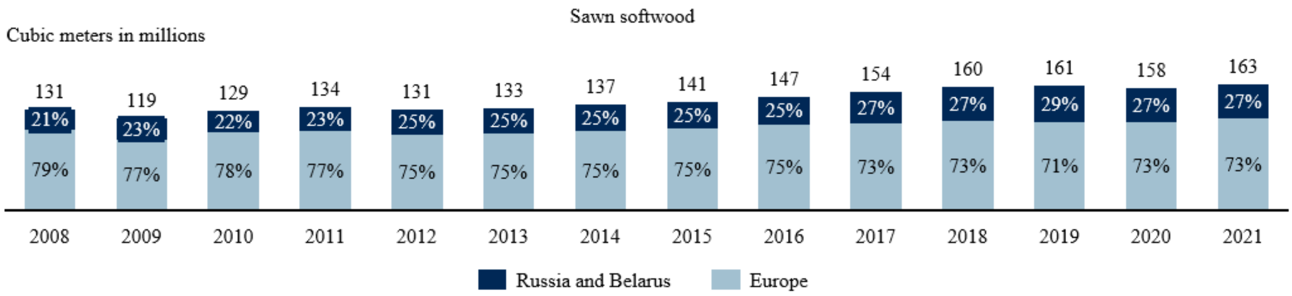
Supply Gap on the European Market and Global Market Resulting from the Absence of Russia and Belarus

The following charts illustrate the forecast effects of the supply gap resulting from the absence of Russian and Belarusian supply on the supply and demand of the sawn softwood, birch plywood and chipboard market segments in Europe in 2025 as well as their shares of the 2021 demand volumes:



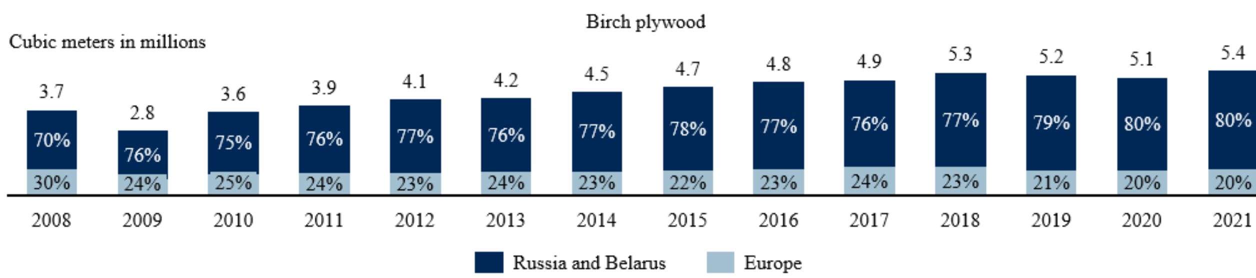
Approximately 27 percent of the combined European, Russian and Belarusian softwood supply has been restricted from the market due to sanctions on imports from Russia and Belarus, and the corresponding figure for birch plywood is approximately 80 percent. (*Source: AFRY Market Study.*)

The following chart sets forth the amounts of sawn softwood supplied by European countries, Russia and Belarus to global markets for the periods indicated:



Source: AFRY Market Study.

The following chart sets forth the amounts of birch plywood supplied by European countries, Russia and Belarus to global markets for the periods indicated:



Source: AFRY Market Study.

Environmental factors

Other factors affecting wood supply are environmental factors, such as large-scale forest fires. For example, in Iberian Peninsula and Northwest United States where forest fires have had significant impact, and in regions where forest plantations are more common, such as Australia, Iberian Peninsula and Latin America (*e.g.*, Chile), forest fires have damaged forest plantations and had a longer term impact on supply. Overall, however, forest fires have so far only had temporary and minor impact on wood supply across Europe and North America. (*Source: AFRY market study*.)

Storms and pest insects reduce some of the wood supply. Central Europe has been particularly hit hard by both storms and pest insects, and Western Canada (British Columbia) has experienced large-scale problems with bark beetle damaged forests. Finland has not experienced major forest calamities in a long time, but climate change is increasing risks related to both storms and pest insects. Spruce stands in Southern Finland are possibly the most prone to future disturbances, similar to what has been seen in Central Europe and to a smaller degree in Southern Sweden in the past years. (*Source: AFRY market study*.)

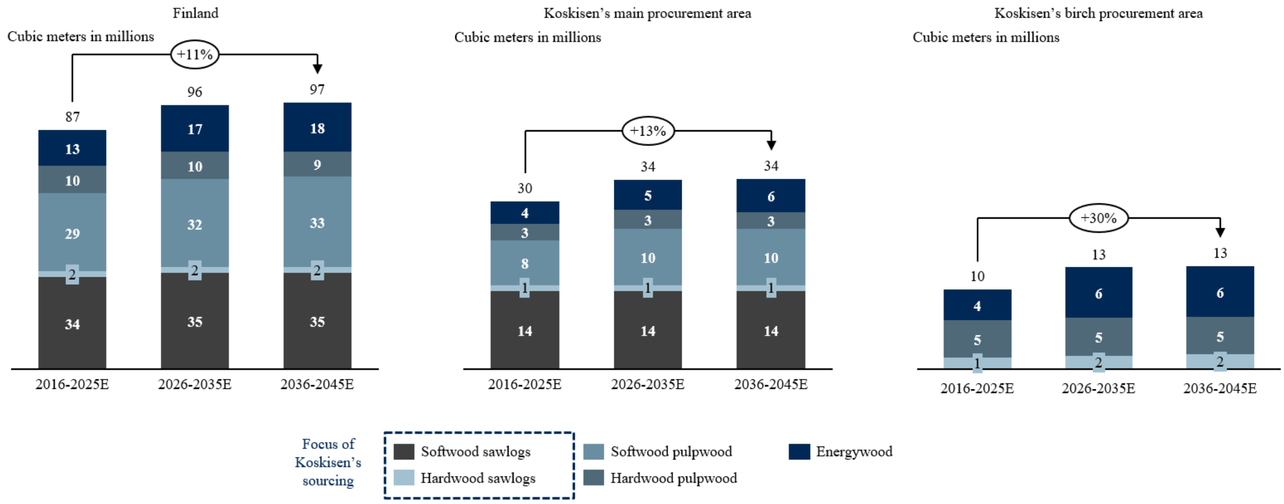
Bark beetle infestations destroy wood and, if not discovered in time, bark beetle infestations in a tree will most often kill the tree eventually, or render the log unsuitable or more difficult to process into wood products. Depending on the severity (number of beetles) of the infestation, it can take only four weeks for the tree to die. If the infestation is discovered early enough, the tree can still be harvested and used in production of wood products. If the infestation is not discovered or the tree harvested in time, the bark of the tree will eventually fall off, after which the trunk of the tree will dry. Dried logs are more difficult for sawmills to process into sawn wood because the dried material causes complications in the sawing process. Technically, the quality of bark beetle damaged products remains unaffected and they can be used for construction and other end-uses, however the visual properties of the products are affected by the damage and, therefore, some markets do not accept such products, which leads to lower prices. However, due to higher production costs and lower prices, beetle damaged wood is commonly used as fuelwood.

Raw Materials

Wood Availability in Koskisen's Most Relevant Supply Regions

In Finland, the total wood supply at the national level is expected to increase, mainly due to increases in the supply of energy wood and softwood pulpwood. In Koskisen's main procurement areas, southern and eastern Finland, the development is expected to be the same as at the national level, with increased harvesting potential. For Koskisen's birch procurement area, the supply of hardwood sawlogs is expected to increase by approximately 400,000 cubic meters in total between 2016 and 2025. (*Sources: AFRY Market Study, National Resources Institute, Company information.*)

The following charts set forth information on the forecast availability of different types of wood in Finland and in certain Koskisen's wood procurement areas for the periods indicated:

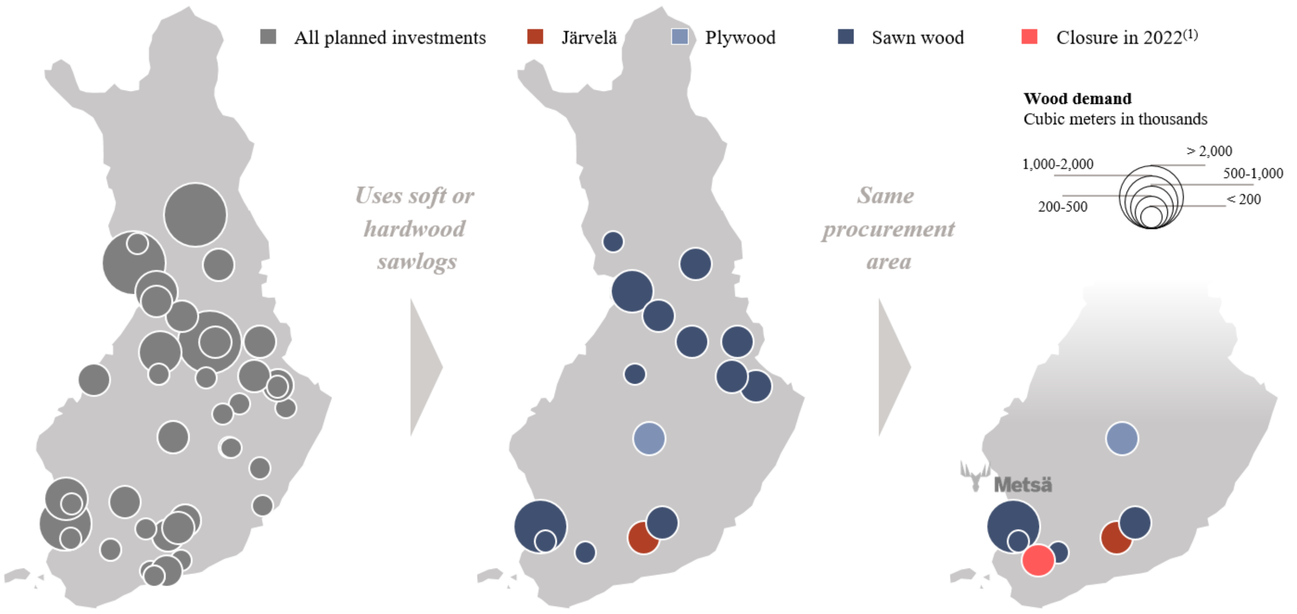


E Forecast.

Sawmill Investments in Finland

The levels of investments and investment plan announcements in Northern Finland since 2021 have been at higher levels than historically due to unutilized harvest potential and the focus on bioenergy investments in the southern parts of Finland. The current and planned investments of which Koskisen is aware are not expected by Koskisen to compete with Koskisen for the supply of sawlogs. Metsä Fibre Oy's ("**Metsä Fibre**") sawmill in Rauma, Finland, is the largest sawmill in Finland, and it utilizes only pine wood. Metsä Fibre's sawmill commenced continuous sawn wood production in September 2022. However, Metsä Fibre's sawmill is not expected to present any significant direct competition to Koskisen for soft wood sourcing as Koskisen uses approximately 75 percent spruce wood and has only a partially overlapping procurement area with Metsä Fibre's Rauma sawmill. Koskisen will have the ability to utilize a larger scope of raw materials due to the New Järvelä Unit, which is expected to further strengthen Koskisen's wood procurement opportunities. Koskisen expects that in its wood procurement area in 2030, the annual supply and demand for sawlogs will be similar, with supply amounting to approximately 14 million cubic meters and demand from the sawn timber and plywood industry in the area amounting to approximately 13 million cubic meters.

The following charts set forth an overview of recent and expected future (as of 2021) investments in Finland and their implications on wood availability:



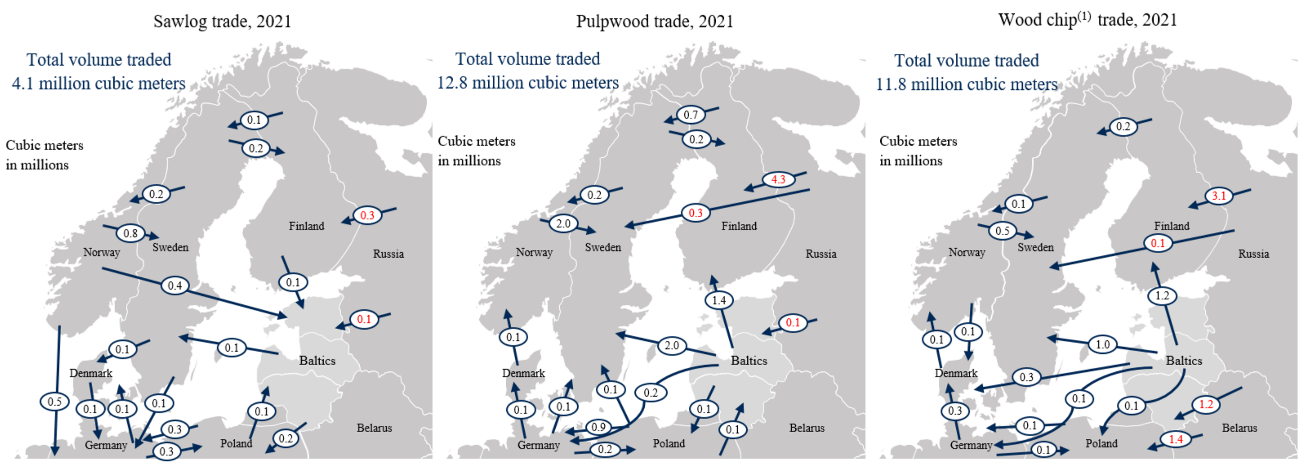
(1) The closure of Metsä Fibre's sawmill in Kyrö, Finland, to take place during summer 2022.

Russia and Belarus Impact on External Wood Trade for the Baltic Region

Approximately 35 percent of external wood trade in the Baltic region comes from Russia and Belarus in 2021. Since the sanctions have excluded imports from Russia and Belarus from the markets, underutilized domestic procurement capacity has been used to make up for some of the shortfall in wood trade.

The total wood procurement within the Baltic region in 2021 was 66.1 million cubic meters and the total imports from Russia was 5.2 million cubic meters, or 7.9 percent of the total wood procurement amount, with the division of 28.2 million cubic meters of softwood sawlogs of which 0.4 percent was procured from Russia, 1.2 million cubic meters of hardwood sawlogs of which 16.8 percent was procured from Russia, 27.3 million cubic meters of softwood pulpwood of which 1.8 percent was procured from Russia and 9.5 million cubic meters of hardwood pulpwood of which 46.7 percent was procured from Russia. Koskisen's focus within wood procurement is softwood sawlogs and hardwood sawlogs. (*Source: AFRY Market Study.*)

The following charts illustrate the impact of the exclusion of imports from Russia and Belarus from the markets on wood trade in 2021 and potential substitutive sources:



Note: Trade volumes refer to volumes solid under bark (raw wood measure excluding the bark) (*i.e.* raw wood which can be used in production).
(1) Includes both pulp and energy quality woodchips (fuelwood).

Sawlog Trade

The total sawlog, including softwood and hardwood, trade volume was 4.1 million cubic meters in 2021, of which 95 percent was softwood and 5 percent hardwood. Norway is a major exporter of sawlogs, mostly delivering to the Baltic countries as well as to Sweden and Germany. (*Source: AFRY Market Study.*)

Pulpwood Trade

The pulpwood trade has been most impacted by the sanctions on Russian and Belarusian wood trade. The total pulpwood trade volume was 12.8 million cubic meters in 2021, of which 50 percent was softwood and 50 percent hardwood. For pulpwood, domestic harvesting potential is most likely to fill the shortage resulting from the sanctions. (*Source: AFRY Market Study.*)

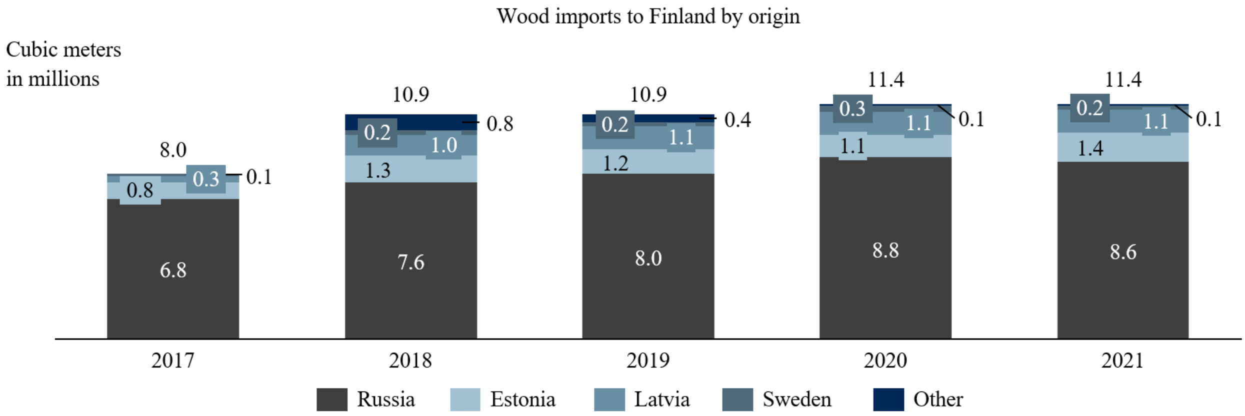
Woodchip Trade

The total wood chip, including both pulp and energy quality woodchips (fuelwood), trade volume was 11.8 million cubic meters in 2021, of which 0.65 million cubic meters was fuelwood. Trade of woodchips has very limited implications on Koskisen's business. (*Source: AFRY Market Study.*)

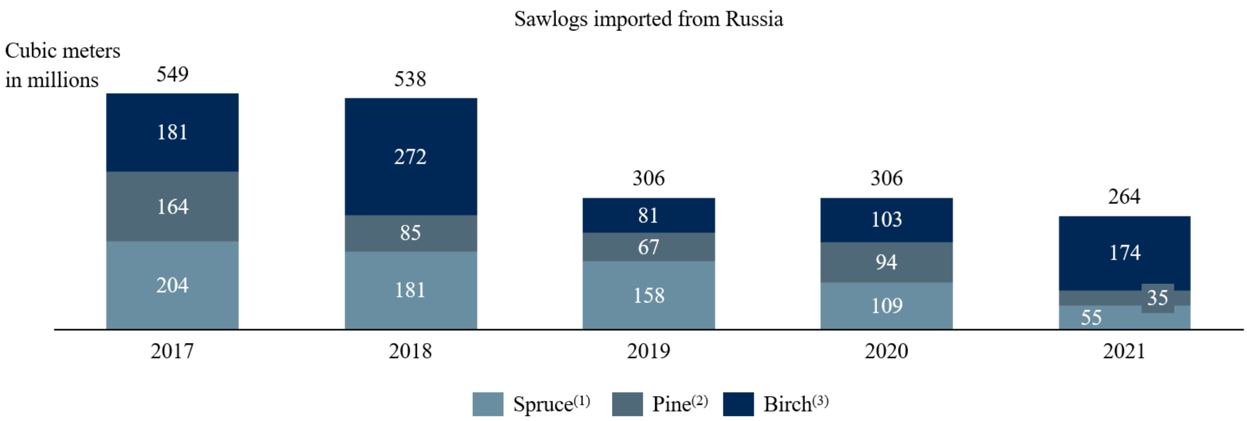
Russia's Role as an Important Import Source to Finland

The impacts of the exclusion of imports from Russia from the markets on the Finnish wood imports have been notable in terms of volume due to Russia being a key wood raw material import source for Finland. The annual wood imports from Russia have been between 8 million and 12 million cubic meters since 2010, and, in 2020 and 2021, over 70 percent of wood imports to Finland came from Russia, although the amount of sawlogs imported has been decreasing since 2019. Traditionally, birch pulpwood and softwood woodchips have been the main products imported from Russia, while sawlog volumes have been lower. Based on 2021 volumes, the cessation of imports from Russia creates a wood import shortage of 8 million cubic meters in total, which is expected to be covered by increasing domestic supply. Koskisen has not imported softwood sawlogs from Russia, and the amount of hardwood logs that Koskisen imported from Russia in 2021 was approximately 44,000 cubic meters.

The following chart sets forth wood import volumes to Finland by wood origin by geography for the years indicated:



The following chart sets forth sawlog import volumes to Finland from Russia by wood type for the years indicated:



(1) Spruce sawlogs with diameter greater than 15 centimeters (the Combined Nomenclature 44032310).
(2) Pine sawlogs with diameter greater than 15 centimeters (the Combined Nomenclature 44032110).
(3) Birch sawlogs with diameter greater than 15 centimeters (the Combined Nomenclature 44039510).

Competitive Environment

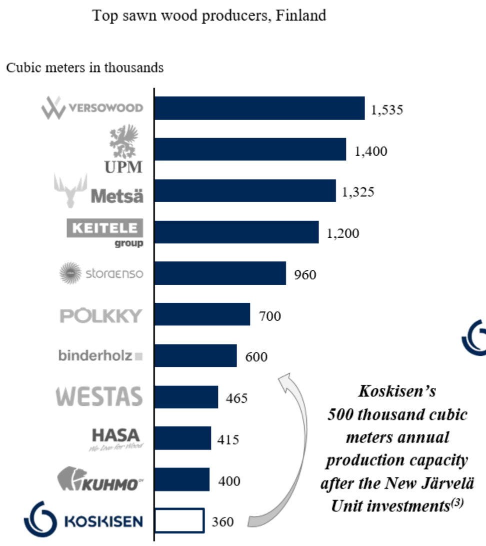
As the sawn wood market is global, Koskisen competes with a diverse set of competitors that includes, for example, large global wood companies as well as mid- and small-sized local companies. The large-scale competitors include Stora Enso Oyj ("**Stora Enso**"), UPM-Kymmene Corporation ("**UPM-Kymmene**"), Versowood Group Oy, Rettenmeier Holding AG, Binderholz GmbH, Mayr Melnhof Holz Holding AG and Svenska Cellulosa AB SCA. The mid- and small-scale competitors include, for example, Keitele Forest Oy, Haapajärven Ha-Sa Oy, Pölkky Oy, Westas Group Oy and Kuhmo Oy.

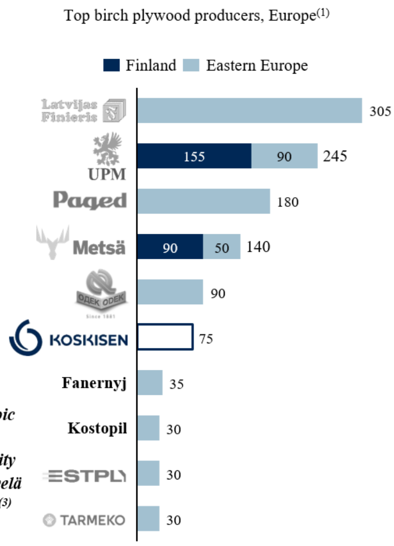
In birch plywood market segment, UPM-Kymmene's Plywood business is the largest entity that is active in Koskisen's markets. In addition, Russia has traditionally been a large birch plywood exporter to Europe. The rest of the birch plywood market has generally been split between mid- and small-scale manufacturers such as Latvijas Finieris AS, Metsäliitto Cooperative, Paged Meble sp. z o.o., Estonian Plywood AS and ODEK Ukraine LLC.

In the chipboard market segment, Koskisen faces competition only from outside of Finland as it is the only domestic chipboard producer, supplying approximately 47 percent of the domestic demand in 2021. Central Europe has more competition, especially in the DACH countries (Germany, Austria and Switzerland), with multiple volume producers being present with several processing sites. Volume producer competitors include, for example, Kronospan Limited, Unilin Group SAS, Egger Holzwerkstoffe GmbH, Sonae Arauco SA, VMG Group and Pfleiderer GmbH. Mid- and small-scale manufacturing competitors include Forestia AS, Sorbes AG, Byggelit Sverige AB and Arbor AS. IKEA Ab is a large producer of chipboard, but it does not compete directly with Koskisen as it uses most of its production internally.

The main competitors of Koskisen's Kore brand are relatively small companies in Central and Southern Europe within the vehicle solutions industry including, for example, UGF Industrie, Delignit AG, Modul-System HH AB, MDP Utilitaire, Kit Utilitaire, StoreVan, NSR Works Oy and Hebic NV. Most of the competitors do not have their own board manufacturing, but purchase boards from larger manufacturers and refine them into end products.

The following charts set forth information on the leading sawn softwood, birch plywood and chipboard wood producers and their annual production capacities in certain geographies as at June 30, 2022:





Sources: Company information, AFRY Market Study.

(1) Excluding Russia and Belarus.

(2) Including Finland, Scandinavia and the Baltics.

(3) The New Järvelä Unit is expected to increase the Sawn Timber Industry business segment's current 300,000 cubic meters annual production capacity of sawn goods in Järvelä, Finland, by 33 percent. The increased production capacity is expected initially to be 400,000 cubic meters of softwood timber. In the future, Koskisen may increase the annual production capacity in Järvelä, Finland, up to 500,000 cubic meters through limited investments (*i.e.*, to increase the annual production capacity by 67 percent compared to its annual production capacity for the year ended December 31, 2021). Further investment potential related to the unit includes de bottlenecking of other process stages, such as drying capacity.

BUSINESS

This section contains statistics, data and other information relating to markets, market sizes, market shares and market positions and other industry data pertaining to Koskisen's business and markets. The information is based on several sources and Koskisen's estimates. See "Certain Matters—Market and Industry Information."

Overview

Koskisen is a Finnish, family-owned wood processing company with more than hundred years of operating history. The main raw material used by Koskisen in its production is wood, which is processed by Koskisen into, for example, sawn goods, plywood and chipboard. Koskisen's business relies on forests and, consequently, taking care of the nature and the environment are at the core of Koskisen's operations and strategy. For the year ended December 31, 2021, Koskisen had sales from approximately 70 countries and 38 percent of its revenue was generated from Finland, 33 percent from the rest of the EU and 29 percent from other countries, mainly the United Kingdom and the Asian market where Japan is an important market for the Company (for the year ended December 31, 2020, 43 percent of revenue was generated from Finland, 34 percent from other EU countries and 23 percent from other countries).

Koskisen has two business segments: Sawn Timber Industry (representing 60.4 percent of external revenue for the year ended December 31, 2021) and Panel Industry (representing 39.6 percent of external revenue for the year ended December 31, 2021). The Sawn Timber Industry business segment produces sawn and further-processed timber and the Panel Industry business segment produces plywood, thin plywood, veneers, chipboards and interior solutions for light and heavy commercial vehicles under the Kore brand. For the year ended December 31, 2021, the total production capacity of Koskisen's business segments was approximately 545,000 cubic meters. Koskisen's Wood Procurement function is part of the Sawn Timber Industry business segment. The Wood Procurement function is responsible for procuring wood for Koskisen's own production facilities, delivers residues from Koskisen's own production for bioenergy production at on-site power plants at Koskisen's production facilities owned and operated by Loimua and to several other nearby power plants as well as supplies raw material (chips and fiber wood) to paper and pulp manufacturers. Koskisen tracks the origin of the wood it procures and uses a wood origin chain of custody system to ensure that all wood material is acquired legally and ethically from trustworthy sources. Currently, Koskisen purchases most of its wood in Finland from thousands of private forest owners, whose forests are mainly located in southern and eastern Finland.

Koskisen's production facilities are located in Järvelä and Hirvensalmi, Finland, and Toporów, Poland. Koskisen is currently building the New Järvelä Unit, where production is expected to begin in stages during 2023 and 2024. The New Järvelä Unit is expected to increase the Sawn Timber Industry business segment's current 300,000 cubic meter annual production capacity of sawn goods in Järvelä, Finland, by 33 percent. With the investment, Koskisen will relocate the log infeed, sawing and green sorting processes from their current location, resulting in a fully integrated wood processing unit at the new site, where the rest of the Sawn Timber Industry business segment's processing operations are currently located.

Koskisen customers are mainly direct customers, for example, in the logistics, construction, automotive, die cutting, furniture and interior, packaging and chemical forest industries. In addition, a smaller part of Koskisen's products are sold to wholesalers and distributors. Koskisen focuses on direct sales to customers rather than sales through wholesalers or distributors as it can typically obtain higher margins through direct sales. Koskisen seeks to position itself as a reliable, long-term partner for its customers, offering products made from high density wood sourced from Finnish, sustainably managed forests to customers who value quality worldwide. Koskisen believes that its agility, experienced sales organization and desire to solve customer's needs in a creative way separates it from many of its competitors. Koskisen is, for example, able to produce smaller batches of end products, which can be customized according to the needs of the customer, and to offer a wide product assortment and range of products as well as a high level of services to its customers, including direct deliveries from warehouses and shorter lead times, especially in the Finnish market.

For the nine months ended September 30, 2022, Koskisen's revenue was EUR 240,208 thousand, its operating profit was EUR 50,324 thousand and its EBITDA was EUR 56,440 thousand. For the year ended December 31, 2021, Koskisen's revenue was EUR 311,464 thousand, its operating profit was EUR 52,711 thousand and its EBITDA was EUR 62,236 thousand. As at September 30, 2022, Koskisen had 894 employees, of which 90 percent were based in Finland.

History

- Koskisen was established in 1909.
- In 1966, Koskisen started its plywood production.
- In 1974, Koskisen started its chipboard production.
- In 2010, Koskisen started the production of van interior solutions under the Kore brand in Poland.

- In 2017, Koskisen's plywood and chipboard businesses were combined into one Panel Industry business segment. Koskisen also discontinued the unprofitable productions of edge glued panel and birch sawing in Hirvensalmi, Finland. In addition, Koskisen discontinued the unprofitable production of birch sawing and changed the production to spruce sawing in Sheksna, Russia.
- In 2019, Koskisen divested its House Industry business effective July 1, 2019, and made changes in its production mode of the Panel Industry business segment by transitioning its plywood production in Järvelä, Finland, from seven days per week to five days per week and renewed its wood procurement system.
- In 2020, Koskisen renewed its brand and introduced an integrated online planing line and a Bio8 boiler at the Tarhanmäki site in Järvelä, Finland.
- In 2021, Koskisen made an investment decision to build the New Järvelä Unit, where production is expected to begin in stages during 2023 and 2024.
- In 2021, Koskisen launched the Zero Particle Board, which is a fully natural, wood-based product family with no formaldehyde.
- Koskisen carried out the Reorganization in 2022, whereby Koskisen Ltd merged into its parent company Koskitukki Oy that changed its name to Koskisen Oy in connection with the merger. The purpose of the Reorganization was to harmonize Koskisen's operations, to simplify the structure of the Group, to strengthen the parent company's balance sheet, to support Koskisen brand and to prepare the Company for a potential listing.
- Following the start of Russia's military actions in Ukraine, Koskisen shut down its business operations in Russia and Koskisen's subsidiary Koskisilva was sold to an external buyer during the summer of 2022.

Key Strengths

Koskisen believes that the following factors are among its key strengths and represent competitive advantages:

- themes related to sustainability grow markets essential for Koskisen;
- sustainability addressed at all stages of Koskisen's production;
- frontrunner in integrated mechanical wood processing;
- high quality tailor-made products of Finnish wood;
- future investments create a basis for further improving financial performance; and
- management with broad experience from the industry.

Themes Related to Sustainability Grow Markets Essential for Koskisen

Koskisen operates in the global, European and Finnish wood products markets. The global wood products market is expected to grow steadily in the future in terms of demand volume. Koskisen has a diversified product portfolio, reducing Koskisen's exposure to the effects of price fluctuations in any individual product or product category. The size of Koskisen's addressable market was approximately EUR 37 billion in 2021, consisting of sawn timber products, birch plywood products, and chipboard products (*source*: *AFRY Market Study*).

Koskisen believes that, with its global presence, diversified product portfolio and strong sales organization, it is well positioned to benefit from the current key trends affecting the wood products industry. The key trends affecting the wood products industry include:

- increasing regulation to cut emissions supports use of wood products;
- growing construction volumes as a result of urbanization combined with wood materials create demand for wood products;
- increasing logistics volumes and need for transportation vehicles create demand for plywood solutions in the light commercial vehicle industry; and
- increasing use of wood in furniture as more sustainable, durable and resistant alternative.

Green construction, which refers to construction projects that are built with renewable, low-emission and sustainable materials, such as wood, and related regulation are the main drivers for Koskisen's sawn timber products, as approximately 60 percent of Koskisen's sawn timber was used in construction related applications in 2021. Increasing global logistics volumes increase the demand for logistics, and, therefore, logistics and construction were the main end uses for Koskisen's plywood products in 2021, accounting for approximately 47 percent and approximately 34 percent, respectively, of the main end uses of Koskisen's plywood products in 2021. Of Koskisen's chipboard products, approximately 49 percent were used in furniture applications in 2021, for which wood is a sustainable, durable, and increasingly trendy raw material, and approximately 48 percent in construction. In furniture production, the positive substitution effect is an indication that ready-to-assemble furniture is gaining popularity over other types of furniture.

Sustainability Addressed at all Stages of Koskisen's Production

Wood products are a good alternative for materials in multiple applications due to their positive carbon sink (*i.e.*, they absorb more carbon dioxide than is released during their production), durability, and renewability. Wood-based materials have, for example, as building materials 80 percent lower carbon dioxide emissions per construction wood tonne produced than steel and 25 percent lower than cement and a better carbon dioxide storage capacity than cement or steel. Furthermore, procurement, manufacturing, transportation and installation of wood products consume less energy and water resources than cement or steel, in addition to which they have a lower harmful impact on air and water quality. Moreover, wood is still usable for energy production at the end of its life cycle, unlike cement or steel (*source: AFRY Market Study*). Koskisen's carbon handprint, which Koskisen calculates as the amount of carbon stored in its products during their life cycle, exceeds its carbon footprint multiple times, and its products tie carbon for decades.

Koskisen takes care of sustainability and aims to ensure biodiversity in every stage of its production. Koskisen aims to always source its wood in a fully certified way primarily from thousands of private forest owners in Finland, whose forests are mainly located in southern and eastern Finland and encourages wood certification also for its suppliers. Koskisen tracks the origin of the wood it procures and uses a wood origin chain of custody system to ensure that all wood material is acquired legally and ethically from trustworthy sources. Koskisen offers a variety of services to Finnish forest owners, aligning long term interests of the forest owners and Koskisen by optimizing the value of the forest. This enables Koskisen to make sure that biodiversity is addressed throughout the lifecycle of the forest. In its forest management practices, Koskisen's concrete actions include industry best practices, such as favoring mixed forests over single species forests, regeneration felling, leaving high stumps, protecting swamp border areas, and sparing of spinnery, rotten wood and low yield areas. In addition, Koskisen organizes the planting of approximately 1 million seedlings annually, which is paid by the forest owners.

Koskisen focuses on material efficiency, recycling and usage of fossil-free materials in its production. For example, 98 percent of the heat energy used by Koskisen was produced with biofuels in 2021, with a short term target being close to 100 percent. Focusing on long term biodiversity and sustainable practices, Koskisen aims to ensure the availability of high-quality, certified Finnish wood also in the future.

Frontrunner in Integrated Mechanical Wood Processing

In Koskisen's view, it is a frontrunner in integrated mechanical wood processing in Finland. Koskisen's efficient and integrated operating model enables at optimized use of wood as a raw material at its production facilities, and Koskisen's Wood Procurement function enables the availability of high-quality wood raw material. Koskisen's integrated operating model is based on interconnected processes that form the basis of Koskisen's business, from the forest through production to the finished products. Koskisen's whole value chain from harvesting to end products is designed around synergistic material flows and an agile operating model allowing utilization of raw material from diverse sources. In Koskisen's integrated operating model, its Wood Procurement function procures the raw materials that are delivered to Koskisen's production facilities for processing. The by-products generated in the early stages of the production process, such as tree bark, are used for the heat production of the processes of production facilities in Järvelä and Hirvensalmi, totaling for approximately 98 percent of the process heat of these production facilities. By-products generated in Sawn Timber Industry business segment and Koskisen's birch plywood production, such as part of the woodchip and sawdust, is further utilized in Koskisen's chipboard production. In Koskisen's view, it is the only company in the mechanical wood industry in Finland with the integration level described above.

Koskisen's sawmill in Järvelä, Finland, is the center of Koskisen's production as it allows sufficient scale of wood procurement operations to secure logs, as well as sourcing of birch needed for plywood production. After the raw materials arrive at the production facility, they are utilized to a maximal extent. By-products from the sawmill's production, such as bark, woodchips and sawdust, which accounted for approximately 48 percent of the total raw materials in 2021, are either sold to paper and pulp manufacturers, used as a raw material in Koskisen's chipboard production or utilized in Koskisen's mills as bioenergy. Since the entire harvested tree is utilized to a maximal extent, material efficiency is at the maximal level of current technology. The material efficiency achieved in production is expected to rise as Koskisen starts using its New Järvelä Unit, where production is expected to begin in stages during 2023 and 2024. In addition, the new Koskisen's efficient and integrated planing mill in Järvelä, Finland, includes a possibility to increase production of value-add products as the production volume increases.

High Quality Tailor-made Products of Finnish Wood

Koskisen believes, based on the feedback received from its customers, that its products and services are known for their high quality, which allows Koskisen to price its products, especially panel products, higher than average export prices in Finland. Panel products' higher prices are mainly driven by their different mix of end-use applications (automotive and logistics, as compared to construction end uses for sawn wood products).

Koskisen's integrated production model enables Koskisen to offer tailor-made products and service concept to customers. Koskisen is able to produce smaller batches of end products, which can be customized according to the needs of the customer, and to offer a wide product assortment and range of products as well as a high level of services to its customers, such as direct deliveries from warehouses to customers and shorter lead times, especially in the Finnish market. Koskisen believes that this creates a competitive advantage over companies producing larger batches and selling larger bulks of competing products. In addition, Koskisen believes that its professional and strong sales organization with a good reach to Koskisen's key markets and customers as well as its long-standing customer relationships are one of its key competitive advantages in the markets in which it operates.

Future Investments Create a Basis for Further Improving Financial Performance

Koskisen has identified multiple potential targets for future investments that would be aimed at both growth in terms of revenue and increased efficiency that it expects to lead to improved profitability.

The first such investment is the New Järvelä Unit. The New Järvelä Unit is expected to increase Sawn Timber Industry business segment's current 300,000 cubic meters annual production capacity of sawn goods by 33 percent in Järvelä. The increased production capacity is expected initially to be 400,000 cubic meters of softwood timber. Koskisen estimates to invest approximately EUR 50 million in total in the New Järvelä Unit between 2021 and 2024. The New Järvelä Unit will provide added processing capacity of Koskisen, higher log yield due to modern state-of-the-art technology, enhanced operative efficiency by up to 40 percent in the sawing process as a result of increased automation and higher production capacity, savings in Koskisen's fixed and variable production costs, broader range of usage of raw materials as well as an option to increase capacity through limited investments. In the future, Koskisen may increase the annual production capacity in Järvelä, Finland, up to 500,000 cubic meters through limited investments (*i.e.*, to increase the annual production capacity by 67 percent compared to its annual production capacity for the year ended December 31, 2021). Further investment potential related to the New Järvelä Unit includes de-bottlenecking of other process stages, such as drying capacity.

Other tangible growth paths identified by Koskisen include smaller efficiency improving investments at Koskisen's production facilities, developing new and existing products towards even more sustainable solutions, as well as potential M&A opportunities, which would also be aimed at improving Koskisen's ability to source raw materials in the future.

Management with Broad Experience from the Industry

Koskisen has a well networked management with long experience in the industry and relevant parallel industries, such as materials technology and wood construction. Strong experience combined with well-established networks allows Koskisen's management to stay up-to-date in the evolving wood products industry. Koskisen's management is further supported by the Board of Directors of the Company with long experience in Koskisen and other large companies in the industry.

Koskisen has recently made a new executive board appointment of a Sustainability and Communications Director, who has further strengthened the executive board in guiding Koskisen towards a more sustainable and profitable future, and who has also further strengthened the executive board by being responsible for Koskisen's investor relations.

Koskisen's Strategy

Strategic Objectives

Koskisen has formulated its strategy to act as the cornerstone for all of its operations. Koskisen's key strategic objectives are set forth below.

Understanding and Exceeding Customer Expectations

Koskisen believes that it is known for the high and uncompromised quality of its products, operations and personnel. Koskisen's aim is to be a creative and agile player in wood products markets and to constantly develop new innovative solutions for its current and potential customers. Koskisen is proud of its roots, and it aims to be the best employer in its industry and operational region. Koskisen considers its professional and strong sales organization along with its continuously developing network of sales agents as its strategic resources, providing competitive advantages for Koskisen. Koskisen believes that it is important to focus on each customer's specific requirements and to understand customer needs to create value both for the Company and the customer and to establish long-standing customer relationships. Offering of high-quality and customized products and services enables Koskisen to price its products, especially panel products, higher than its competitors.

Operating through an Agile Business Model

In addition to high quality, agility is in the center of Koskisen's strategy. Koskisen believes that agility in terms of responsiveness to customer requests and a high level of services create a differentiating factor against many of its competitors. Closely monitoring customer needs, offering customized products and services to customers and delivering products to its customers in a flexible and timely manner plays a key role in retaining current customers and acquiring new customers. Utilizing the advantages of Koskisen's integrated operating model, such as the strengths of Koskisen's flexible production units, enables Koskisen to offer tailor-made products and service concept to customers. Koskisen's production is agile due to Koskisen being able to produce smaller batches of end products that can be customized according to the needs of the customer (*e.g.*, dimension, volumes, qualities and delivery). Koskisen believes that higher customer intimacy and better customer service creates a competitive advantage over companies producing larger batches and selling larger bulks of competing products. Koskisen's agile business model focusing on direct sales to its customers makes Koskisen's business less volatile to market cyclicality and enables Koskisen to serve customers more flexibly and react more rapidly to changes in demand and conditions.

Frontrunner in Sustainability as a Goal

Koskisen believes that compliance with the principles of sustainable development is the foundation of its operations and, therefore, Koskisen aims to be a frontrunner in sustainability in the wood products industry globally. This goal is achieved by reducing the already low carbon footprint of Koskisen's operations and increasing its carbon handprint by continuously developing more sustainable products. Koskisen addresses sustainability at all stages of its operations and considers sustainability as one of its primary values. Koskisen is committed to continuously improving its sustainability and it constantly reviews its sustainability strategy and sets targets for relevant key performance indicators. Koskisen publishes an annual sustainability report. The sustainability report has been verified in terms of PEFC certificate (as defined below), FSC certificate (as defined below), ISO 9001 certification (as defined below), ISO 45001 certification (as defined below) and ISO 14001 certification (as defined below) issued to Koskisen, as well as in terms of the calculation of carbon footprint. The sustainability report has not been verified in other respects.

Strategic Focus Areas

To achieve its strategic goals, Koskisen has identified the following strategic focus areas for its five-year strategy period until the end of 2027:

New State-of-the-art Wood-processing Unit

Koskisen is currently building the New Järvelä Unit, where production is expected to begin in stages during 2023 and 2024. The investment in the New Järvelä Unit is the largest investment in the Company's history. The New Järvelä Unit is expected to increase the Sawn Timber Industry business segment's annual production capacity and enable Koskisen to improve its production efficiency further. Operative efficiency is estimated to improve by 40 percent in the sawing process as a result of increased automation and higher production capacity compared to Koskisen's current processing unit. The New Järvelä Unit is expected to increase Sawn Timber Industry business segment's current 300,000 cubic meters annual production capacity of sawn goods by 33 percent in Järvelä. The New Järvelä Unit's annual production capacity is expected initially to be 400,000 cubic meters of sawn softwood. In the future, Koskisen may increase the annual production capacity in Järvelä, Finland, up to 500,000 cubic meters through limited investments including, for example, a new log sorting station and two new drying kilns. Koskisen estimates the Sawn Timber business segment's EBITDA to increase by EUR 8 million on an annual basis from 2024 due to increasing production, reduced shifts, higher material yield and improved quality levels. The investment in the New Järvelä Unit is an integrated part of Koskisen's growth strategy as it is expected to ensure growing, balanced and optimized wood raw material supplies for both of Koskisen's growing business segments, the Sawn Timber Industry business segment and the Panel Industry business segment.

Product Development

Product development is at the core of Koskisen's operations. Koskisen seeks to continuously develop new solutions in order to stay up-to-date in the evolving wood products industry and to maintain and enforce customer relationships by offering new tailor-made products to customers. Koskisen focuses on customized solutions with better leverage and combines the capabilities of its production machinery and its skilled employees in its production and sales. For example, Koskisen recently introduced Zero Particle Board, which is, according to the Company's understanding, the world's first fully natural, wood-based product family with no formaldehyde. Zero Particle Board products can be produced with Koskisen's existing machinery with tailor-made dimensions. Koskisen actively aims to widen its sustainable wood product offering. For example, Koskisen is currently developing SENSi Panel, a smart floor panel for trailers that enables to optimize the utilization of cargo fleets with real-time data.

The New Järvelä Unit enables Koskisen to produce new, more market-specific product qualities and dimensions. The Company recently received a planned product certificate for the U.S. market and is finalizing the certification process for the Japanese Agricultural Standard (“**JAS**”) certificate for the Japanese market. The certifications to operate in the U.S. market and especially in the Japanese market are in line with the Company’s strategic growth objectives.

Inorganic Growth through Mergers and Acquisitions

In addition to organic growth, Koskisen aims to execute carefully selected acquisitions that would primarily target growth. Koskisen aims to selectively engage in M&A opportunities in order to better serve its customers, widen its wood product offering and create additional value to the Company’s shareholders by leveraging the Company’s existing strengths and capabilities. Possible M&A is part of Koskisen’s growth strategy within both of its current business segments, particularly in the Sawn Timber Industry and selectively in the Panel Industry, as well as within potential new business segments in the future. Koskisen sees M&A as an opportunity to increase the product selection and geographical area of Kore business.

Highly Skilled Sales Organization

Koskisen’s experienced sales organization is an important part of Koskisen’s strategy. Koskisen’s sales organization consists of its own sales personnel and a network of sales agents located in several foreign markets. Koskisen continuously educates and evaluates the effectiveness of its sales agent network to ensure competitiveness of the sales organization. The key focus area is to identify customers, products and geographies in which Koskisen can offer value added products and services in the long term. Having a strong sales organization is a key advantage in enabling and maintaining strong customer relationships and, therefore, long-term profitability, for Koskisen.

Direct sales to customers play an important role in achieving higher margins, as direct sales to customers allow better management of customer relationships and offering tailor-made products according to customer needs. Koskisen aims to continue creating long-standing customer relationships with its key customers and reducing customer churn, and thereby complicate new competitors’ entry into the market. A skilled sales organization with connections to Koskisen’s relevant geographical markets ensures a global presence, supports Koskisen’s growth strategy in its key markets and reduces Koskisen’s dependency on domestic market conditions.

Financial Targets

The Board of Directors of the Company has adopted the following long-term financial targets exceeding the cycles for Koskisen, which the Company aims to achieve by the end of 2027:

- *Growth*: revenue EUR 500 million, including both organic and inorganic growth;
- *Profitability*: adjusted EBITDA margin 15 percent in average over cycle;
- *Balance sheet*: maintaining strong balance sheet; and
- *Dividend policy*: an attractive dividend, which is at least one-third of the net profit annually.

The statements set forth above include forward-looking statements and are not guarantees of Koskisen’s financial performance in the future. Koskisen’s actual results and financial position could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under “Certain Matters—Special Cautionary Notice Regarding Forward-looking Statements,” “Risk Factors,” and “Operating and Financial Review—Factors Affecting Results of Operations.” Koskisen cautions prospective investors not to place undue reliance on these forward-looking statements.

For the nine months ended September 30, 2022, Koskisen’s revenue was EUR 240,208 thousand, and EUR 311,464 thousand for the year ended December 31, 2021. For the nine months ended September 30, 2022 Koskisen’s adjusted EBITDA margin was 23.1 percent, and 20.0 percent for the year ended December 31, 2021.

Koskisen’s Business

General

Koskisen has two business segments: Sawn Timber Industry and Panel Industry. The Sawn Timber Industry business segment produces sawn and further processed timber and the Panel Industry business segment produces plywood, thin plywood, veneers, chipboards and interior solutions for light and heavy commercial vehicles under the Kore brand. For the year ended December 31, 2021, the total production capacity of Koskisen’s business segments was approximately 545,000 cubic meters. Koskisen’s Wood Procurement function is part of the Sawn Timber Industry business segment. The Wood Procurement function is responsible for procuring wood for Koskisen’s own production facilities, delivers residues from Koskisen’s own production for bioenergy production at on-site power plants at Koskisen’s production facilities owned and operated by Loimua and to several other power plants as well as supplies raw material (chips and fiber wood) to paper and pulp manufacturers.

The following table sets forth Koskisen's revenue by segment for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,			
	2022	2021	2021	2020	2020	2019
	(IFRS)				(FAS)	
	(unaudited)		(audited)			
	(EUR in thousands)					
Sawn Timber Industry business segment						
External revenue	129,960	127,556	187,980	120,051	n/a	n/a
Internal revenue	18,084	15,737	22,114	15,423	n/a	n/a
Total Sawn Timber Industry business segment	148,044	143,293	210,094	135,474	n/a	n/a
Panel Industry business segment						
External revenue	110,167	91,628	123,281	99,781	n/a	n/a
Internal revenue	1,873	2,380	3,290	2,273	n/a	n/a
Total Panel Industry business segment	112,040	94,008	126,571	102,053	n/a	n/a
Total business segments	260,084	237,301	336,665	237,527	n/a	n/a
Other	503	528	729	580	n/a	n/a
Elimination of internal sales	(20,380)	(18,486)	(25,930)	(18,150)	n/a	n/a
Total	240,208	219,343	311,464	219,957	219,957	264,162

The following table sets forth Koskisen's revenue by geographical areas for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,		
	2022	2021	2021	2020	2019
	(IFRS)				(FAS) (adjusted)[(1)]
	(unaudited)		(audited)		(unaudited, unless otherwise indicated)
	(EUR in thousands)				
Finland	93,286	87,345	119,203	95,663	112,215
Japan	32,751	22,135	42,612	17,684	26,309
Germany	16,525	17,155	22,271	17,505	24,682
Poland	12,409	9,088	12,936	8,106	7,954
Other EU countries	52,003	50,083	67,321	48,757	55,135
Other countries	33,233	33,537	47,122	32,242	37,866
Total	240,208	219,343	311,464	219,957	264,162[(2)]

(1) The breakdown of geographical areas for the year ended December 31, 2019, has been adjusted to correspond to the geographical breakdown for other periods presented in the table.
(2) Audited.

Business Segments

Sawn Timber Industry

The Sawn Timber Industry business segment produces sawn and further processed timber, which are the cornerstone of Koskisen's offering, and it also offers wood procurement and raw materials for bioenergy and paper and pulp manufacturers. Koskisen's products are manufactured from high-quality, densely grained Finnish spruce sawlogs (accounting for approximately 75 percent of sawn timber) and pine sawlogs (accounting for approximately 25 percent of sawn timber) and Koskisen offers a broad range of product sizes. As a material, sawn and further processed timber manufactured from spruce and pine is an eco-friendly, long-lasting and easy-to-recycle option. For the year ended December 31, 2021, the Sawn Timber Industry business segment accounted for 60.4 percent of Koskisen's external revenue. The Sawn Timber Industry business segment's production facilities are located in Järvelä, Finland, and Koskisen has leased processing capacity in Kouvola, Finland. For the year ended December 31, 2021, the Sawn Timber Industry business segment's total production capacity was 373,000 cubic meters (excluding the leased processing capacity in Kouvola), of which 233,000 cubic meters was sold unprocessed, and it had approximately 200 employees.

The Sawn Timber Industry business segment's product offering can be divided into the following four categories:

- *Sawn timber:* Koskisen produces both standard sawn timber and dimensioned and strength graded sawn timber from spruce and pine. The products are produced in standard sizes used by the construction industry as well as in custom sizes, and are mainly used by the construction industry in structural applications as well as for packaging, furniture and interior cladding products. For the year ended December 31, 2021, sawn timber accounted for approximately 40 percent of the Sawn Timber Industry business segment's revenue (for the nine months ended September 30, 2022, approximately 42 percent).

- *Processed timber:* Koskisen further processes approximately 40 percent of the sawn timber that it produces, mainly by planing and, to a smaller extent, painting. Koskisen's processed timber products include spruce and pine interior and exterior cladding, primed and painted external cladding, floorboards, and planed and painted sawn timber, and are used extensively in the construction and renovation of buildings, such as in frame structures, claddings as well as in windows and doors. In addition to standard sized, Koskisen produces processed timber products in custom sizes and finishes. For the year ended December 31, 2021, processed timber accounted for approximately 33 percent of the Sawn Timber Industry business segment's revenue (for the nine months ended September 30, 2022, approximately 31 percent).

- *Wood Procurement function:* Koskisen's Wood Procurement function procures wood, mainly from private forest owners in Finland, and offers them diverse forest management services. Koskisen uses approximately 60 percent of the wood that it acquires in its own operations, with the remaining approximately 40 percent sold to third parties, such as pulp and paper producers. For additional information on Koskisen's Wood Procurement function, see "*—Wood Procurement*" below. For the year ended December 31, 2021, the Wood Procurement function (logs and pulpwood) accounted for approximately 13 percent of the Sawn Timber Industry business segment's revenue (for the nine months ended September 30, 2022, approximately 13 percent).

- *Bioenergy:* Koskisen supplies raw material to several bioenergy power plants – including the power plants, which are located on Koskisen's production site in Järvelä, Finland, and operated by Loimua. The materials supplied for bioenergy production include felling and harvesting residues, byproducts from wood processing and other low quality matter. For the year ended December 31, 2021, bioenergy (including other side products) accounted for approximately 15 percent of the Sawn Timber Industry business segment's revenue (for the nine months ended September 30, 2022, approximately 14 percent).

The Sawn Timber Industry sells significant amounts of sawn and further processed timber to markets outside of Finland, particularly to Japan. For the year ended December 31, 2021, approximately 44 percent of the Sawn Timber business segment's revenue was generated from Finland, approximately 23 percent from Japan, approximately 3 percent from Germany and approximately 30 percent from other countries. For the nine months ended September 30, 2022, approximately 60 percent of the Sawn Timber business segment's revenue was generated from end users in the construction (professional and DIY) segment, approximately 19 percent from the packaging and other segments, approximately 15 percent from the joinery segment and approximately 6 percent from the furniture segment.

Panel Industry

The Panel Industry business segment produces plywood products from birch, a renewable material, and chipboard products mainly from sawdust. Koskisen's high quality birch plywood and chipboard products are suitable for, for example, vehicle, furniture and construction applications. Koskisen also offers thin plywood and veneers from birch, which are mostly used in furniture and joinery industries. In addition to its own Koskisen brand, Koskisen produces floor, wall and roof panel sets for the light and heavy commercial vehicle industry, including ready-to-install interior sets for logistics vehicles manufactured in Koskisen's production facility in Toporów, Poland, under the Kore brand. For the year ended December 31, 2021, the Panel Industry business segment accounted for 39.6 percent of Koskisen's external revenue. The Panel Industry business segment's production facilities are located in Järvelä and Hirvensalmi, Finland, and Toporów, Poland. For the year ended December 31, 2021, the Panel Industry business segment's total production capacity was 175,000 cubic meters and it had approximately 600 employees.

The Panel Industry business segment's product offering can be divided into the following four categories:

- *Plywood:* Koskisen produces tailored birch plywood boards and flooring products for construction, light and heavy commercial vehicles (*e.g.*, vehicle and trailer floors), packaging, interior design, furnishings and joinery. The offering includes large, seamless 1,900 millimeter by 4,000 millimeter birch plywood panels, up to 50 millimeter thick plywood panels and panels cut to precise dimensions according to customer specifications. Koskisen's plywood is also available in a wide range of colors and coatings. Almost 90 percent of Koskisen's plywood is sold coated and 85–95 percent is sold directly to customers. Koskisen believes that the light birch surface of its plywood is ideal for interior decoration such as wall and ceiling panels as well as for furniture. The main market for Koskisen's birch plywood is in Europe. The largest end-user segments for Koskisen's plywood products are the logistics, commercial vehicle and construction industries. Over 90 percent of Koskisen's plywood is exported mainly to the EU countries and the United Kingdom. For the year ended December 31, 2021, plywood accounted for approximately 61 percent of the Panel Industry business segment's revenue (for the nine months ended September 30, 2022, approximately 62 percent).

- *Chipboard:* Koskisen produces a broad selection of chipboard products from sawn dust and woodchips generated as byproducts of Koskisen's sawmills and birch plywood production. The chipboard products are produced at Koskisen's production facility in Järvelä, Finland, which is the only chipboard mill in Finland. Koskisen produces chipboard in custom sizes and coatings, even for small orders. Approximately half of the chipboard Koskisen produces is coated. Koskisen's chipboard offering includes the recently introduced Zero Particle Board, which uses a renewable, wood-based adhesive. The commercial production of Zero Particle Board is expected to commence in the fourth quarter of 2022. The largest end-user segments for Koskisen's chipboard products are the furniture and construction industries. For the year ended December 31, 2021, chipboard accounted for approximately 25 percent of the Panel Industry business segment's revenue (for the nine months ended September 30, 2022, approximately 27 percent).

- *Thin plywood and veneer:* Koskisen produces strong and bendable thin plywood and birch veneers that are suitable for laser cutting, form pressing, design products, interior design elements, lamps, technical panels and CNC machining. The largest end-user segments for Koskisen's thin plywood and veneer products are the furniture and joinery industries. For the year ended December 31, 2021, thin plywood and veneers accounted for approximately 5 percent of the Panel Industry business segment's revenue (for the nine months ended September 30, 2022, approximately 5 percent).

- *Kore:* Koskisen produces interior solutions for light and heavy commercial vehicles under the Kore brand. Kore products, including flooring components, lining components, wheel arch covers and accessories for commercial vehicles, are manufactured according to customer specifications from Finnish plywood and other materials. For the year ended December 31, 2021, Kore products accounted for approximately 9 percent of the Panel Industry business segment's revenue (for the nine months ended September 30, 2022, approximately 6 percent).

For the year ended December 31, 2021, approximately 26 percent of the Panel Industry business segment's revenue was generated from Finland, approximately 13 percent from Germany, approximately 9 percent from Poland and approximately 52 percent from other countries. For the nine months ended September 30, 2022, approximately 47 percent of the Panel Industry business segment's revenue from plywood was generated from end users in the logistics segment (including light and heavy commercial vehicles) segment, approximately 34 percent from the construction segment, approximately 4 percent from the die cutting segment, approximately 3 percent from the furniture segment and approximately 13 percent from other segments. For the nine months ended September 30, 2022, approximately 49 percent of the Panel Industry business segment's revenue from chipboard was generated from end users in the furniture segment, approximately 48 percent from the construction segment, approximately 0.3 percent from logistics segment and approximately 3 percent from other segments.

Wood Procurement

Koskisen's efficient and integrated operating model enables optimized use of wood as a raw material in its production facilities, and Koskisen's Wood Procurement function enables the availability of high-quality wood raw material. Koskisen's Wood Procurement function is part of the Sawn Timber Industry business segment. The Wood Procurement function purchases birch, spruce and pine primarily from thousands of private forest owners in Finland, whose forests are mainly located in southern and eastern Finland. In addition to procuring wood, the Wood Procurement function offers diverse forest management services to the forest owners from which Koskisen procures wood. The Wood Procurement function is responsible for procuring wood for Koskisen's own production facilities and it also delivers wood to other operators in southern Finland.

Koskisen aims to be the preferred partner for forest owners. It offers wood trade services to its customers, such as taking care of necessary forms, forest management planning and free Programme for the Endorsement of Forest Certification ("**PEFC**") certification, with the aim of making the procurement process as smooth as possible. For potential customers, Koskisen will also evaluate forests and potential felling free of charge. Koskisen offers the forest owners from which it procures wood free on-site visits, prices that Koskisen believes are competitive as well as stable, and discounts on Koskisen products directly from the production facilities. Koskisen procures pulp logs and smaller diameter birch logs for its plywood production at a higher premium compared to the ordinary pulpwood prices of the market. Koskisen also offers forest owners KoskiRaha service, which enables Koskisen to defer payment in return for Koskisen paying interest on the amount at a specified rate, which is, at the date of this Offering Circular, 2.5 percent for the amounts below EUR 20,000, and 3.0 percent for the amounts exceeding EUR 20,000.

Koskisen outsources all its harvesting and transportation operations, including their organization, to third parties, which Koskisen believes is general industry standard in Finland. In 2021, Koskisen cooperated with approximately 80 harvesting contractors that range in size from less than 10 employees to more than 100 employees. Koskisen believes that making agreements also with smaller forest harvesting companies enhances its procurement security and personal connection to contractors. Koskisen believes that its Wood Procurement function is able to procure sufficient amounts of wood to cover its current and future operating requirements when the increased production capacity at the New Järvelä Unit is taken into account. Koskisen complies with the requirements of the PEFC chain of custody certificate and the Forest Stewardship

Council A. C. ("**FSC**") chain of custody certificate in all of its wood procurement. Koskisen tracks the origin of the wood it procures and uses a wood origin chain of custody system to ensure that all wood material is acquired legally and ethically from trustworthy sources. The latest audit of PEFC and FSC certificates granted to Koskisen was carried out in April 2022, and for both certificates it was recommended to extend the validity of the certification. No deviations were noted in Koskisen's operations in relation to the PEFC certificate, and one minor deviation was noted in relation to the FSC certificate.

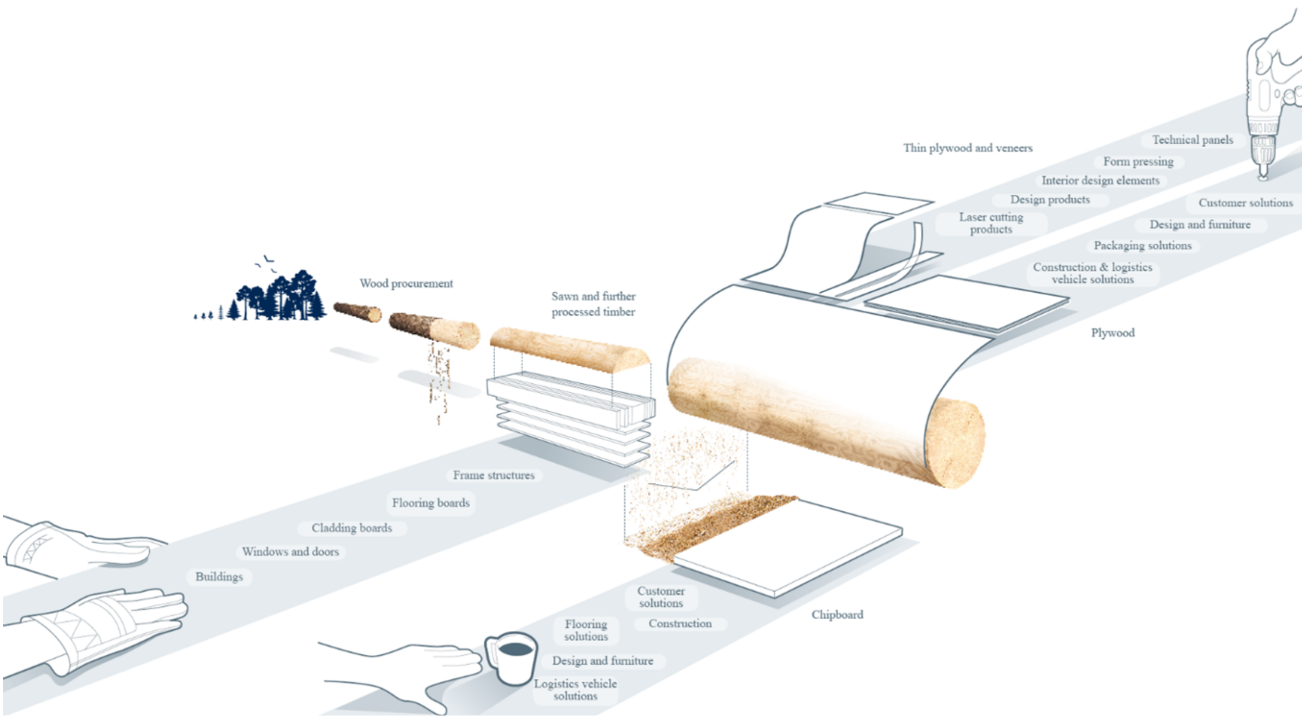
Koskisen believes that its harvesting costs were below average in its region in 2021. This is partially due to the fact that it focuses on mature harvesting stands, which have lower thinning costs than immature stands. In addition, Koskisen believes that it has a shorter delivery distance to its site from harvesting areas compared to larger competitors, which reduces transportation costs.

Koskisen's Wood Procurement function is also responsible for Koskisen's own forests and offers diverse forest management services to private forest owners from which Koskisen procures wood. Forest management services are offered on a turnkey basis, including post-felling care of the forests. The services are tailored according to the needs and wishes of Koskisen's customers. Sustainable forest management practices guarantee the wellbeing and biodiversity of the forests as well as availability of high-quality certified wood also in the future. In its forest management practices, Koskisen favors mixed forests over single species forests, regeneration felling, leaving high stumps, protecting swamp border areas and sparing of spinnery, rotten wood and low yield areas.

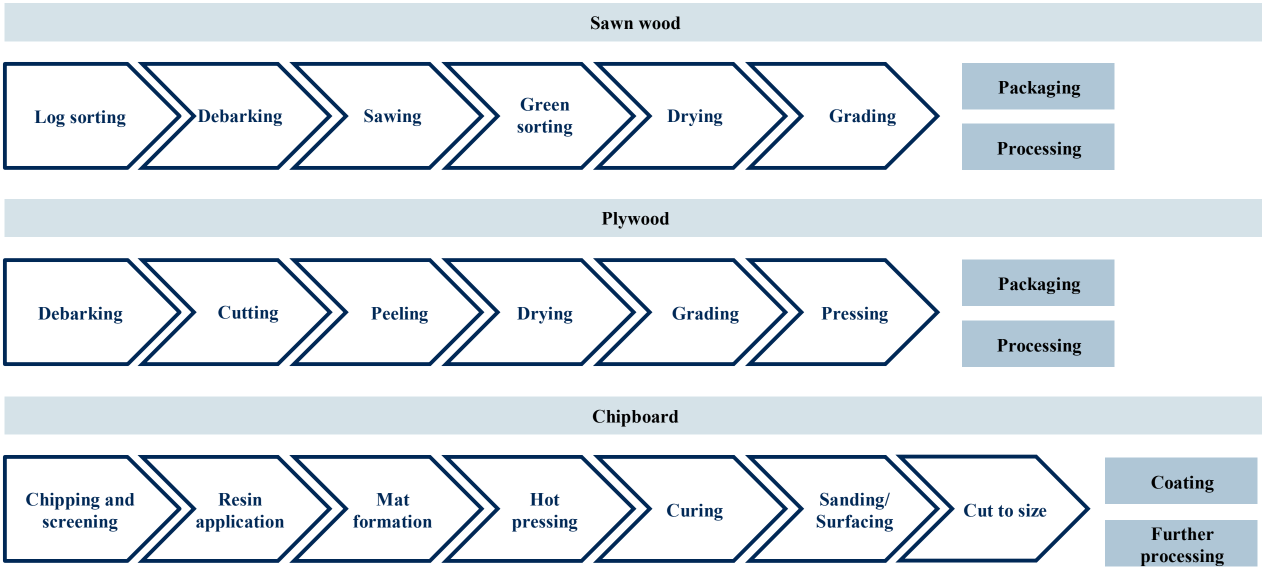
Production

Koskisen's owned production facilities are located in Järvelä and Hirvensalmi, Finland, and Toporów, Poland, in addition to which Koskisen leases processing capacity of approximately 20,000 cubic meters in Kouvola, Finland. Koskisen's production facility in Järvelä, Finland, include a sawmill, planing mill, plywood mill and the only chipboard mill in Finland. Koskisen's thin plywood products are manufactured in Hirvensalmi, Finland. Koskisen's Kore unit, which is part of the Panel Industry business segment, is located in Toporów, Poland. Koskisen constantly aims to develop the productivity of its production facilities and invests in its production's effectivity, modernization, and digitalization in order to ensure high-quality products and comprehensive customer service. Koskisen controls its production process' quality with ultrasound, infrared and camera technology.

The following chart illustrates Koskisen's overall production process:



The following chart illustrates Koskisen's production processes for certain products:



Koskisen is currently building the New Järvelä Unit, where production is expected to begin in stages during 2023 and 2024.The old unit will continue production during the ramp-up period to ensure business continuity. Koskisen will integrate the New Järvelä Unit's processes with its other production processes. Koskisen will also relocate all its sawing processes to the New Järvelä Unit. The New Järvelä Unit will provide added processing capacity, added product offering, especially for the Japanese market, which is important for the Company, higher log yield due to modern state-of-the-art technology, enhanced operative efficiency by up to 40 percent in the sawing process as a result of increased automation and higher production capacity, savings in Koskisen's fixed and variable production costs, broader range of usage of raw materials as well as an option to increase capacity through limited investments. The New Järvelä Unit is expected to increase Sawn Timber Industry business segment's current 300,000 cubic meters annual production capacity of sawn goods by 33 percent in Järvelä. The New Järvelä Unit's annual production capacity is expected initially to be 400,000 cubic meters of softwood timber. In the future, Koskisen may increase the New Järvelä Unit's annual production capacity up to 500,000 cubic meters through limited investments (*i.e.*, to increase the annual production capacity by 67 percent compared to its annual production capacity for the year ended December 31, 2021). Koskisen estimates to invest approximately EUR 50 million in total in the New Järvelä Unit between 2021 and 2024.

The Finnish sawmill industry engaged in export activities uses so-called shipping marks, which are stamped onto the end of each piece of sawn timber. The mark indicates the producer, sawmill and grade of the sawn good piece. The shipping mark is informative for customers, since it indicates where the sawn timber was produced. The Company believes that Koskisen's shipping mark, KKN, is known as a sign of high-quality spruce and pine timber made to exacting standards. Koskisen manufactures KKN stamped sawn goods from high-quality Finnish timber precisely and without compromising on quality. Sawing, drying and grading are carried out according to certified quality management systems. Koskisen's strength graded timber also fulfills the requirements for CE marking (*i.e.*, a mark with which a product manufacturer or an authorized representative assures that the product meets the material requirements of the EU directives and regulations concerning the product). The Company recently received a planed product certificate for the U.S. market and is finalizing the certification process for the Japanese Agricultural Standard ("**JAS**") certificate for the Japanese market. The certifications to operate in the U.S. market and especially in the Japanese market are in line with the Company's strategic growth objectives.

Distribution of Products

The Company's distribution facilities are located in connection with the Company's production facilities. Koskisen purchases transportation and logistics services from several logistics partners who deliver Koskisen's products from Koskisen's production facilities to Koskisen's customers. Koskisen uses different forms of transportation to transport its products. For example, Koskisen usually uses road transportation in plywood and chipboard deliveries to the Central Europe, and to Asia the deliveries are transported in sea containers.

Suppliers

Wood purchases constitute the largest portion of Koskisen's operating costs. Koskisen has its own Wood Procurement function that purchases the majority of its wood needs. Koskisen believes that its Wood Procurement function increases the stability and security of its wood supply. For the year ended December 31, 2022, Koskisen procured 1.8 million cubic meters of wood, of which 1.4 million cubic meters was procured by its Wood Procurement function and 0.4 million was procured from third parties and imports. Historically, a smaller part of Koskisen's birch logs has been imported, mainly from Russia. However, the certification of Russian-sourced wood ended in April 2022, and, as of July 8, 2022, imports of wood from Russia were banned by the EU. Therefore, Koskisen relies mainly on Finnish suppliers as at the date of this Offering Circular.

In 2021, 46 percent of the wood acquired by Koskisen was softwood sawlogs, 19 percent was softwood pulpwood, 15 percent was hardwood plylogs, 10 percent was hardwood pulpwood, 4 percent was energy wood and 5 percent was residues. In 2021 52 percent of the wood procured by Koskisen was spruce, 20 percent was pine, 27 percent was birch and 1 percent was aspen. Koskisen also uses various chemicals and other materials and supplies in its production process. Koskisen purchases glues, coatings and urea from companies in the chemical industry in Finland and Central Europe.

For the year ended December 31, 2021, 0.6 million cubic meters of procured wood was used for sawn timber production and 0.2 million cubic meters for plywood production in Järvelä, Finland, 0.7 million cubic meters was delivered to third parties, a total of 0.2 million cubic meters was either used for chipboard production in Järvelä, Finland, or delivered to power plants, a total of 0.05 million cubic meters was used for thin plywood production in Hirvensalmi, Finland, and for sawn timber production in Kouvola, Finland, and 0.1 million cubic meters was used at the discontinued Kissakoski unit in Hirvensalmi, Finland.

Koskisen has long-standing relationships with several of its suppliers. Koskisen believes that these long-term relationships with its material suppliers bring benefits for Koskisen. Koskisen favors sustainable products and services in its procurement. Koskisen chooses its suppliers responsibly and in accordance with its sustainability principles. Koskisen aims to ensure that both its suppliers and the products it distributes satisfy certain quality, safety and sustainability requirements. Koskisen's supplier contracts require the suppliers to fulfill their accountability for sustainability. In addition, Koskisen annually audits its most material suppliers and expects its suppliers to comply with its code of conduct.

Sales and Marketing

Koskisen sells its products and services under the Koskisen brand. In addition, Koskisen offers floor, wall and roof panel sets for various needs in the light and heavy commercial vehicles industry under the Kore brand and fully natural, wood-based products with no formaldehyde under the Zero brand. Koskisen's brand and marketing strategy is aimed at establishing Koskisen as a globally recognized quality brand and a reliable and long-term partner that manufactures responsibly produced products of the highest quality and tailored to the needs of its customers. Koskisen offers products made from high density wood sourced from Finnish, sustainably managed forests to customers who value quality worldwide. Koskisen believes that its agility, experienced sales organization and desire to solve customer's needs in a creative way separates it from many of its competitors.

Koskisen's sales organization in Finland is responsible for the Finnish markets and the majority of its key foreign markets. Koskisen's own sales offices are based in Estonia, France, Germany, The Netherlands, Poland, Portugal, Spain, Sweden and the United Kingdom. In addition, Koskisen has a wide network of sales agents selling Koskisen's sawn timber products, which are based in several countries around Europe, including the Czech Republic, Cyprus, France, Greece, Ireland, Italy, Poland, Portugal, Slovakia, Spain, Switzerland, Turkey and the United Kingdom, as well as in China and Israel. Some of these sales agents work with Koskisen's own sales personnel in these locations. In the United States, Koskisen works with a panel industry partner.

Customers

Koskisen's customers are mainly direct customers in, among other things, the logistics, construction, automotive, die cutting, furniture and interior, packaging and chemical forest industries. In addition, a smaller part of Koskisen's products are sold to wholesalers and distributors. Koskisen does not sell directly to consumers. Koskisen focuses on direct sales to customers as it can typically obtain higher margins through direct sales rather than selling through wholesalers or distributors. Koskisen's customers also value the direct relationship with the Company.

The end-use segments for Koskisen's products are:

- *Construction*. Construction end users are both professional and DIY customers that utilize Koskisen's wood products primarily for structural applications.
- *Furniture*. Furniture end users are primarily large furniture manufacturers that utilize Koskisen's chipboard, plywood and sawn wood products.
- *Joinery*. Joinery industry end users utilize Koskisen's sawn timber, plywood, thin plywood and veneer in various applications.

- *Transport and logistics*. Transport and logistics end users are companies producing, for example, flooring solutions for vans and other transport vehicles, and that utilize Koskisen's panel products in various logistics applications.
- *Packaging and other*. Packaging and other end users utilize Koskisen's products for general packaging solutions as well as special applications such as sports applications and music instruments.
- *Die cutting*. Die cutting end users utilize Koskisen's plywood products in die cutting.

Koskisen's customers in Finland are, among others, Isku-Yhtymä Oy, Puustelli Group Ltd and Starkki Suomi Oy. Koskisen sells fiber wood and woodchips to paper and pulp manufacturers, such as Stora Enso and UMP Kymmene, as well as wood-based biofuels to utilities companies, such as Fortum Corporation, Lahti Energia Ltd ("**Lahti Energia**") and Adven Oy. Koskisen's international customers include, among others, Brenderup A/S, Meyer Timber Ltd, Eurotech Group, Itochu Corporation and Formpress AB. The Kore brand's customers operate mainly in the automotive industry, for which Koskisen supplies floor, wall and roof panel sets, wheel arch covers and accessories. Koskisen's diverse base of customers reduces dependency on individual customers and risks related to specific product markets. Koskisen aims to offer high-quality support to its existing customers in order to maintain and develop customer relationships. Koskisen believes that its high product quality, product customizability, delivery security and end-use specific competitive pricing ensure long term customer relationships. The average length of Koskisen's customer relationships is 10 years. Koskisen's net promoter score ("**NPS**") was 51 according to a customer satisfaction survey conducted in 2021.

Sustainability

General

Koskisen is proud of its roots, and one of its goals is to be in the forefront of adopting new international environmental standards and following the principles of sustainable development. Koskisen constantly revises its operations both to ensure their sustainability and, consequently, the sustained growth of forest everywhere. Koskisen sources wood in a fully certified way by using a wood origin chain of custody system to ensure that all wood material is acquired legally and ethically from trustworthy sources.

Koskisen aims to ensure that both its suppliers and the products it distributes satisfy certain quality, safety and sustainability requirements. Quality control is based on both requirements of international standards and norms and specific demands imposed by Koskisen's customers. Koskisen's internal quality control is separate from the rest of its organization and is monitored by accredited third parties. Koskisen's operations are steered by the certifications in accordance with the ISO 9001:2015 Quality Management System standard ("**ISO 9001**"), the ISO 45001:2018 Occupational Health & Safety Management System standard ("**ISO 45001**") and the ISO 14001:2015 Environmental Management System standard ("**ISO 14001**") issued to it. In addition, Koskisen operates in accordance with the principles and practices of social responsibility based on the guidelines laid down in the ISO 26000:2010 Social Responsibility Guidance standard ("**ISO 26000**").

Koskisen makes full use of wood as a raw material and its integrated operating model enables optimized use of wood as a raw material at its production facilities. According to Koskisen management estimate, it is a frontrunner in integrated mechanical wood processing. Logs are turned into plywood, sawn timber products and other products, pulp wood is delivered to paper and pulp manufacturers, and energy wood and residues are used in bioenergy production. Koskisen utilizes logging residues as biofuel whenever possible. Koskisen uses side streams from its production processes as fuel in heating power plants. Koskisen also utilizes woodchip and sawdust from woodworking operations in its chipboard production. Koskisen's products are recyclable, as are most of the packaging materials Koskisen uses. Koskisen manufactures renewable products, for example, from wood processing by-products, such as bark, that may be used to replace plastic. Wood-based materials have, for example, as building materials 80 percent lower carbon dioxide emissions per construction wood tonne produced than steel and 25 percent lower than cement and a better carbon dioxide storage capacity than cement or steel. Furthermore, procurement, manufacturing, transportation and installation of wood products consume less energy and water resources than cement or steel, in addition to which they have a smaller harmful impact on air and water quality. Moreover, wood is still usable for energy production at the end of its life cycle, unlike cement or steel. (*Source: AFRY Market Study.*) Durable, high-quality wood products sequester carbon for decades and help lower carbon footprint of Koskisen's customers. In addition, Koskisen organizes the planting of approximately 1 million seedlings annually, which is paid by the forest owners.

Koskisen's Wood Procurement function complies with the requirements of the PEFC chain of custody certificate and the FSC chain of custody certificate. These certificates ensure that wood is harvested from sustainably managed forests where felling is carried out in accordance with the law and the certification criteria. The origin of the raw material is inspected based on Koskisen's procurement policy to ensure forests in protected areas are safeguarded and that wood is not procured from controversial sources.

As a result of its operations, Koskisen is obliged to maintain various environmental permits related to its production units. The Company's environmental permits in the Finnish units are valid until further notice. The Company's operations in Poland do not require specific environmental permits.

Sustainability Strategy

General

Koskisen's Sustainable Development Goals (the "**SDGs**") build on the United Nations' ("**UN**") Sustainable Development Goals. Koskisen has identified three SDGs to which it can make the most significant contribution: (i) a Healthy Environment, (ii) Fair Partnerships, and (iii) Meaningful Work.

Environmental

Koskisen believes that compliance with the principles of sustainable development is the foundation of its operations. Koskisen's basic philosophy of its environmental policy is to continuously improve Koskisen's environmental performance. Koskisen aims to continuously reduce the load caused by its operations on the soil, water and air. The development of Koskisen's products and production processes aims at minimizing harmful environmental impacts over the entire lifecycle of the products.

Koskisen tracks the origin of the wood it procures and uses a wood origin chain of custody system to ensure that all wood material is acquired legally and ethically from trustworthy sources. In 2021, 78 percent of the wood procured by Koskisen was certified, and Koskisen's target is to reach 85 percent in the future. Environmental aspects are a key criterion for Koskisen when selecting suppliers and developing products. Koskisen aims to minimize the environmental load of its production by utilizing biofuels in its heat production and paying special attention to waste sorting, water consumption, emission and overall energy consumption.

Koskisen keeps annually track of its carbon footprint in accordance with the ISO 14067:2018 Greenhouse gases – Carbon Footprint of Products – Requirements and Guidelines for Quantification standard ("**ISO 14067**") and ISO 14064 Greenhouse Gases standard ("**ISO 14064**"). Koskisen's main sources of fossil carbon footprint are resins and coatings of board products. Other sources of carbon dioxide emissions are transport, including harvesting and transport of wood, and electricity used in production. In 2021, Koskisen's carbon footprint amounted to 116,530 tons of carbon dioxide equivalent. The calculation of the Company's carbon footprint has been verified by a third-party expert in April 2022.

Wood is a renewable material that stores carbon and therefore, wood as a raw material has zero carbon footprint. Koskisen's wood products are largely destined for long-term application, which results in a large carbon handprint. Carbon handprint is the beneficial impact of a product or service on reducing carbon dioxide emissions. In terms of wood products, this means the sequestration of organic carbon in the products, out of the atmosphere. Koskisen's wood products sequestered 394,573 tons of carbon dioxide equivalent in 2021, thus representing a carbon handprint that was 3.4 times Koskisen's carbon footprint in 2021.

Koskisen has verified plywood and chipboard products with Building Information Foundation RTS sr ("**RTS**") Environmental Product Declarations ("**EPDs**"). EPDs are voluntary, transparent and well-established way to present fundamental and verified environmental information based on life cycle assessment about the environmental impacts of a product or product group. In addition, Koskisen was involved together with other companies in a project to draft EPDs for sawn timber and planed sawn timber with the Finnish Sawmills Association and Natural Resources Institute between 2020 and 2021.

There are two guiding principles underlying the Koskisen's energy policy: promoting energy efficiency and increasing the use of renewable energy. One of the ways in which Koskisen promotes its energy efficiency is participating in the Confederation of Finnish Industries' Energy Efficiency Agreement. Koskisen is targeting to reduce its total energy consumption in accordance with a target to be decided later. Koskisen is also aiming to reduce its wastewater volume to a maximum of 0.155 cubic meters per produced cubic meter (2021: 0.105 cubic meters, 2020: 0.114 cubic meters: 2019: 0.137 cubic meters) and a total of a maximum of 78,400 cubic meters per year, and Koskisen's target is that the share of biofuel in its heat production would close to 100 percent (2021: 97.7 percent, 2020: 98.1 percent: 2019: 97.5 percent). Koskisen has also replaced the oil boilers in its Sawn Timber Industry business segment with boilers using biomass.

Koskisen's research and development ("**R&D**") activities identify new applications for its products and new solutions that attend to environmental needs. Koskisen actively aims to develop new products to widen its sustainable wood product offering. For example, Koskisen is currently developing SENSi Panel, a smart floor panel for trailers that enables to optimize utilization of cargo fleets with real-time data.

Economic

Koskisen is among the largest employers in the Päijät-Häme region in Finland. The Company cooperates closely with several harvesting and transport companies as well as providers of industrial services. In addition to approximately 900 Koskisen employees, the Company indirectly employs approximately 4,000 people. Also, Koskisen offers a summer job to almost 100 young people annually.

Koskisen's tax footprint comprises of income taxes and other taxes and tax-like payments related to the Company's operations. Koskisen does not have connections to tax haven companies, and the Company has drawn up a separate tax policy. The Group's financial management is in charge of tax matters, and the Company follows local legislation in tax payments, collection, accounting and reporting. Of the Group's personnel, 90 percent reside and pay their taxes in Finland.

Social

Personnel development is a focus area for Koskisen. Koskisen arranges training for its personnel through the Koskisen Academy. The Koskisen Academy offers orientation and job guidance, vocational training and a qualification through apprenticeship training, training in tasks that require special qualifications, work community and work organization coaching, quality, environment and safety training as well as supervisory coaching. Koskisen also aims to identify areas in need of development in its work environment with its personnel. Koskisen's work well-being index was 3.71, which was above the industry average in Finland, on a scale of 1–5 according to an employee satisfaction survey conducted in 2021. Koskisen aims to be the best employer in its industry and operational region.

Koskisen's operations are steered by ISO 45001. Koskisen encourages its personnel to develop occupational safety by rewarding them for providing safety initiatives. In 2021, a total of 108 safety initiatives were submitted, out of which 54 were rewarded. Koskisen actively manages and monitors safety of its personnel and Koskisen follows the accident frequency rate LTA[1] as a key safety indicator. Koskisen sets annual, continuously tighter targets for accident frequency rate, LTA[1]. As at the date of this Offering Circular, Koskisen has an LTA[1] frequency rate of approximately 15, with a target of 5 in the future. As part of Koskisen's safety improvement efforts, it uses safety tools, such as safety instructions, risk management, accident investigation and safety observation, which cover all areas of Koskisen's operations and that are assessed on a monthly basis.

Promoting equality and diversity is an important part of the Company's corporate culture. Each employee is being provided with an equal chance to personal development. The Company creates opportunities for everyone to advance their careers regardless of gender or task. The Company has launched a program in cooperation with third parties under which it is training Ukrainian refugees with the intention of employing them in the Company.

The Company's goal is to pay the same compensation for equal work, regardless of the employee's gender and age. This will be implemented by carrying out annual equality and salary reviews. Koskisen as an employer does not tolerate any kind of harassment or discrimination and all employment contracts' terms and working conditions are based on equality and fairness.

Governance

Ethics and Anti-corruption

Koskisen seeks to operate in compliance with the laws and regulations applicable to its operations. The Company is politically unaffiliated. The Company has a whistleblowing system in place.

The use of corruption, bribes and illegal payments is prohibited in Koskisen's operations. Koskisen pays travel and accommodation expenses of its personnel on visits to customers, suppliers, seminars and training events. Reasonable hospitality and giving and receiving small gifts in the course of normal business is allowed.

No conflict of interest may exist between Koskisen's personnel and suppliers or other stakeholders based on family relations. The Company requires its employees to take good care of the Company's assets and to handle and store confidential information in an appropriate manner.

Koskisen's fair way of operating is described in more detail in its code of conduct. The code of conduct is available on the Company's website.

Sourcing Responsibility Guidelines

Koskisen requires its suppliers to have a strong commitment to its ethical operating principles; their compliance and active promotion. Koskisen's code of conduct is reviewed with all major suppliers and attached to supplier contracts.

Koskisen requires its suppliers and subcontractors to follow legislation in force at any given time and to respect human rights and the basic rights of working life. This means that suppliers must comply with international human rights agreements as well as the International Labour Organization's general agreements, the UN's Convention on the Rights of the Child, each operating country's minimum wage and working hour legislation, and general environmental, health and safety requirements.

When choosing suppliers, Koskisen aims to follow the principles of fairness and impartiality. The Company's goal is usually long-term cooperation, and the aim is to operate as openly as possible with key suppliers. When choosing a supplier, in addition to its strategic suitability, product selection and product quality, the Company checks matters related to environmental and social responsibility activities. Suppliers must commit to complying with the principles defined in the operating instructions, they must know the Company's occupational health and safety requirements and instructions and follow them when they operate at the Company's locations.

Suppliers can be encouraged to use management systems such as ISO 9001, ISO 14001 and ISO 45001 and the best available technology and practices to reduce environmental impact, occupational accidents and health risks.

Responsibility in the supply chain also means that Koskisen systematically gathers information about suppliers before selecting and approving the material. Koskisen assesses product safety risks regularly and conducts supplier audits at its suppliers' production facilities. Koskisen requires traceability at every stage of the supply chain for procured raw materials and products.

ESG Reporting

Koskisen reports its environmental, social and governance ("**ESG**") related matters annually. Koskisen's ESG report is published on the Company's website.

Data Privacy

The careful and appropriate processing of personal data is of primary importance to the Company. The Company complies with data protection legislation and good data management and processing practices when processing personal data.

Research and Product Development

Koskisen's R&D activities identify new applications for its products and new solutions attending to environmental needs. Koskisen's product development team develops products in co-operation with Koskisen's customers to meet their needs. Koskisen's product development aims to improve the products' functionality and qualities according to the principles of responsible and sustainable development and focuses on material efficiency, recyclability and fossil free materials. The focus of Koskisen's product development lies in improving long-term use, renewability and safety as well as developing new products.

Intellectual Property Rights

Koskisen does not have any material registered intellectual property rights.

Information Technology

Koskisen believes that it has an efficient, integrated and scalable IT infrastructure and that applications support its business and its development and cover essential aspects of its business, such as production planning, product information management, customer management, human resources, finances and other administrative systems. Koskisen's key IT systems include, among others, financial systems, wood procurement system, customer relationship management (CRM) system and production planning systems. Koskisen's key IT systems have been sourced from third-party service providers and are mainly cloud based. Koskisen aims to implement an electronic customer portal and a digital portal for forest owners in the coming years. Koskisen aims to replace its accounting system in the coming years.

Group Legal Structure

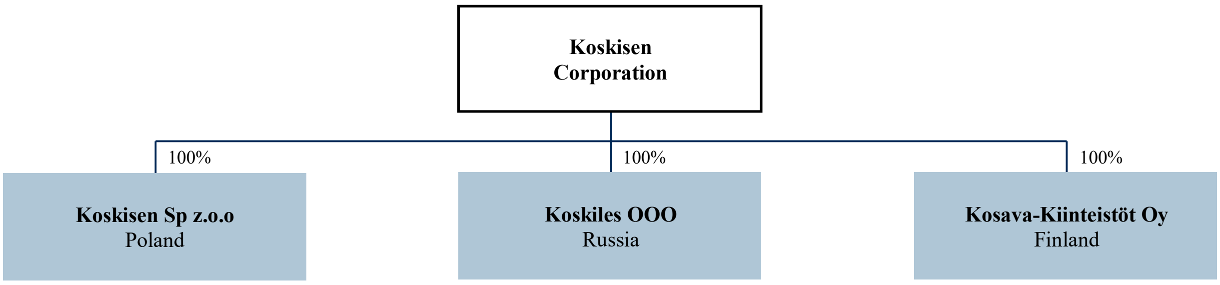
General

The name of the Company is Koskisen Corporation and it is domiciled in Kärkölä, Finland. Koskisen is a public limited company incorporated under the laws of Finland. Koskisen's postal address is Tehdastie 2, FI-16600 Järvelä, Finland, and its phone number is +358 20 553 41. Koskisen's business identity code is 0148241-9 and its LEI is 9845000D85046ECFFF27.

According to Article 3 of the Company's articles of association, its line of business is to directly or through its subsidiaries or affiliate companies, engage in forestry, the forest industry, especially sawn timber and panel industries as well as procurement, manufacture and sale of biofuels related to the forest industry, offer related services and engage in other related business activities. In addition, the company may directly and/or through its subsidiaries or affiliate companies purchase, sell, own and manage real property and securities as well as carry on securities trading, corporate acquisitions and divestments, and other investment business. As the parent company, the company may attend to the organization, financing and purchases and to other similar common tasks of the group.

Legal Structure

Koskisen Corporation is the Group's parent company. The following chart sets forth the Group's legal structure as at the date of this Offering Circular:



Organization and Personnel

As at September 30, 2022, Koskisen had 894 employees, of which 90 percent were based in Finland. There have been no significant changes in the number of employees since September 30, 2022. The Group's personnel primarily work under permanent employment contracts. Most of Koskisen's employees are members of labor unions. Koskisen applies collective bargaining agreements in its employment contracts in Finland, including METO – Forestry Experts Association's ("**METO**") Collective Agreement for Forestry Employees, the application of which ends on December 31, 2022 and the company-specific collective bargaining agreement between Koskisen and two labor unions, the Industrial Union and Trade Union PRO. In addition, Koskisen has negotiated with METO for a company-specific collective bargaining agreement, the application of which begins on January 1, 2023.

The following table sets forth the average number of Koskisen's employees for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,			
	2022	**2021**	**2021**	**2020**	**2020**	**2019**
	(IFRS)				**(FAS)**	
	(unaudited)		**(audited)**			
Salaried employees	237	230	230	220	220	213
Workers	698	674	679	673	673	800
Total	935	904	909	892	892	1,013

Koskisen's work well-being index was 3.71 on a scale of 1–5 according to an employee satisfaction survey conducted in 2021. The average employment length for Koskisen's employees is 14 years as at the date of this Offering Circular.

Insurance

Koskisen believes that it and its subsidiaries maintain insurance coverage that reflects the requirements and the size of the Group, business and subsidiaries concerned and that its insurance coverage is consistent with the industry practice. Koskisen's insurance policies include, among others, credit insurance, property insurance, business interruption insurance, management liability insurance, product liability insurance, environmental insurance, forest insurance, transport insurance and travel insurance.

Real Estate and Leases

Koskisen's production facilities are located in Järvelä and Hirvensalmi, Finland, and Toporów, Poland. Koskisen's production facilities in Finland and Poland are located on land that is owned by Koskisen. Koskisen leases production capacity in Kouvola, Finland. Koskisen leases land to an energy company in Järvelä, Finland. Koskisen has a leased warehouse in the United Kingdom.

Material Contracts

Except as set forth below, there are no contracts (other than contracts entered into in the ordinary course of business) to which Koskisen is a party that: (i) are, or may be, material to it and that have been entered into in the two financial years immediately preceding the date of this Offering Circular; or (ii) contain any obligations or entitlements that are, or may be, material to Koskisen as at the date of this Offering Circular.

Energy Agreement

On September 29, 2017, Koskisen entered into a framework agreement covering the sale of its power plant operations and the delivery of heat energy from the buyer of the operations, with Pilke Energia Oy ("**Pilke Energia**"). Under the framework agreement, the parties entered into a separate agreement for the sale of shares of Koskipower Oy ("**Koskipower**") (share sale and purchase agreement, dated October 31, 2017). Under the same framework agreement, Koskisen and Koskipower entered into an agreement for the sale of the business operations of the Tarha heating plant and the standby boilers of Koskipower's heating plant (business sale and purchase agreement, dated October 31, 2017), as well as two land lease agreements (dated October 31, 2017) regarding the areas where the power plants are located. In addition, Koskisen and Pilke Energia entered into an energy agreement (dated October 31, 2017) under which Pilke Energia delivers heat energy for Koskisen and Koskisen delivers wood fuel to Pilke Energia (the "**Energy Agreement**"). Lahti Energy and Loimua agreed on the sale of Pilke Energia to Loimua under a share sale and purchase agreement dated May 18, 2022, as a result of which Koskisen was paid EUR 3 million as compensation. The Energy Agreement includes an option based on which at the end of the 15-year agreement period, or in a case of a breaching event, Koskisen has the right and obligation, if the other party requires, to redeem the power plants for itself or for a third party.

Facilities Agreement

On April 14, 2022, Koskisen entered into a facilities agreement (the "**Facilities Agreement**") with Nordea, Elo Mutual Pension Insurance Company ("**Elo**"), Finnvera plc ("**Finnvera**") and Ilmarinen Mutual Pension Insurance Company ("**Ilmarinen**"). For additional information on the Facilities Agreement, see "*Operating and Financial Review—Liquidity and Capital Resources—Financial Liabilities and Their Maturities—Facilities Agreement.*"

Placing Agreement

The Company and the Global Coordinator are expected to enter into a placing agreement on or about November 30, 2022, in respect of the Offering (the "**Placing Agreement**"). For additional information, see "*Plan of Distribution—Placing Agreement.*"

Regulation

Koskisen must comply with laws and regulations enacted on both the national and EU level concerning its operations in relation to matters including forests, construction, health, safety, consumer protection and marketing, general product safety, environment, employment, competition, company law, data protection, international trade and taxation in all of the countries in which Koskisen pursues business.

The objective of the EU's biodiversity strategy is to stop the destruction of nature and turn the development of biodiversity into positive by 2030. The member states have committed to 17 key targets in order to achieve the objective. Three of the targets are related to the network of nature reserves and the remaining 14 targets are related to improving the conditions of habitats in nature reserves and outside them. The member states commit to, among other things, stop the deterioration of the species and habitat types set out in the annexes of the Birds and Habitats Directives by 2030, as well as to improve the level of protection by 30 percent. Several legislative initiatives related to the biodiversity strategy are ongoing both in Finland and in other EU member states. The EU's restoration initiative is also part of the biodiversity strategy. On June 22, 2022, the European Commission published a proposal for a regulation on restoration (*i.e.*, so called regulation on improving the state of nature). The EU's regulation on restoration aims for its part to fulfill the objectives of the EU's biodiversity strategy. The Company monitors the progress of the legislative work and its possible impact on the Company's business.

Legal Proceedings

Koskisen has been no party to any pending governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had, in the past 12 months, a significant effect on the Company or the financial position or profitability of the Company and/or the Group.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth selected consolidated financial information for the Company as at and for the nine months ended September 30, 2022 and 2021, and as at and for the years ended December 31, 2021, 2020 and 2019. The financial information presented below has been derived from the Interim Consolidated Financial Information and the IFRS Audited Consolidated Financial Statements prepared in accordance with IFRS as well as from the FAS Audited Consolidated Financial Statements prepared in accordance with FAS. The selected consolidated financial information presented herein should be read together with "*Certain Matters—Presentation of Financial Information*," "*Operating and Financial Review*" and the Consolidated Financial Information incorporated by reference into this Offering Circular.

	For the nine months ended September 30,		For the year ended December 31,	
	2022	**2021**	**2021**	**2020**
	(IFRS)			
	(unaudited)		(audited)	
	(EUR in thousands, unless otherwise indicated)			
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
Revenue	240,208	219,343	311,464	219,957
Other operating income	3,477	639	912	938
Changes in inventories of finished goods and work in progress	1,021	1,738	(26)	(2,494)
Change in fair value of forest assets	(7)	68	91	(151)
Materials and services	(120,642)	(121,111)	(165,115)	(137,183)
Employee benefit expenses	(34,193)	(32,868)	(44,443)	(36,589)
Depreciation, amortization and impairments	(6,116)	(6,350)	(9,525)	(9,107)
Other operating expenses	(33,425)	(28,501)	(40,648)	(33,139)
Operating profit (loss)	50,324	32,958	52,711	2,233
Finance costs, net	539	(3,826)	(4,767)	(6,593)
Profit (loss) before income tax	50,863	29,132	47,944	(4,360)
Income tax expense	(9,911)	(5,915)	(9,398)	381
Profit (loss) for the period	40,952	23,217	38,546	(3,979)
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Translation differences	133	(95)	(129)	(243)
Other comprehensive income for the period, net of tax	133	(95)	(129)	(243)
Total comprehensive income for the period	41,085	23,121	38,417	(4,222)
Profit (loss) for the period attributable to:				
Owners of the parent	34,725	18,156	29,240	(3,278)
Non-controlling interests	6,227	5,061	9,306	(701)
Profit (loss) for the period	40,952	23,217	38,546	(3,979)
Total comprehensive income for the period attributable to:				
Owners of the parent company	34,854	18,061	29,114	(3,525)
Non-controlling interests	6,230	5,061	9,302	(696)
Total comprehensive income	41,085	23,121	38,417	(4,222)
Earnings per Share for profit attributable to the ordinary equity holders of the parent company:				
Earnings per Share, basic[(1)], EUR	2.34	1.44	2.32	(0.26)
Earnings per Share, diluted[(1)], EUR	2.34	1.44	2.32	(0.26)

(1) The earnings per Share, basic, and earnings per Share, diluted, figures for the nine months ended September 30, 2022 and 2021, and for the years ended December 31, 2021 and 2020, have been adjusted retrospectively for the effects of the share issue without consideration as resolved by the extraordinary general meeting of shareholders of the Company as at October 31, 2022. The earnings per Share, basic, and earnings per Share, diluted, figures for the nine months ended September 30, 2021, and for the years ended December 31, 2021 and 2020, have been adjusted retrospectively for the effects of the proportion without consideration of the directed share issue as resolved unanimously by the shareholders of the Company as at August 25, 2022, and for the share issue without consideration as resolved by the extraordinary general meeting of shareholders of the Company as at April 26, 2022. Taking into account the abovementioned share issues, the number of Shares used to calculate earnings per Share, basic, and earnings per Share, diluted, for the nine months ended September 30, 2022, was 14,850,928 and the number of Shares used to calculate earnings per Share, basic, and earnings per Share, diluted, for the nine months ended September 30, 2021, and for the years ended December 31, 2021 and 2020, was 12,600,000. As at the date of this Offering Circular, the number of Shares is 17,779,606.

	For the year ended December 31,	
	2020	2019
	(FAS) (audited) (EUR in thousands)	
CONSOLIDATED INCOME STATEMENT		
Revenue	219,957	264,162
Variation in stocks of finished goods and work in progress	(2,303)	(1,409)
Work performed by the entity and capitalized	10	30
Other operating income	938	1,444
Materials and services	(137,193)	(162,220)
Personnel expenses	(36,320)	(47,053)
Depreciation, amortization and impairments	(6,201)	(8,059)
Other operating expenses	(37,170)	(43,680)
Operating profit (loss)	1,717	3,213
Financing income and expenses	(3,849)	(4,022)
Profit (loss) before taxes	(2,131)	(809)
Income taxes	(293)	(189)
Minority interest	455	(40)
Profit (loss) for the period	(1,970)	(1,038)

	As at September 30, 2022	As at December 31, 2021	2020	2019(1)
		(IFRS)		
	(unaudited)	(audited)		(unaudited)
		(EUR in thousands)		
CONSOLIDATED BALANCE SHEET				
Assets				
Non-current assets				
Property, plant and equipment	72,221	55,142	51,934	54,796
Forest assets	2,744	2,750	2,672	2,863
Right-of-use assets	23,314	27,814	30,025	27,031
Intangible assets	844	620	464	606
Financial assets at fair value through profit or loss	1,373	223	556	108
Other receivables	2	174	49	99
Deferred tax assets	58	61	4	–
Total non-current assets	100,556	86,783	85,703	85,503
Current assets				
Inventories	35,058	38,062	32,665	32,568
Trade receivables	30,964	29,544	19,750	19,887
Other receivables	7,291	5,418	5,281	4,501
Financial assets at fair value through profit or loss	9,820	9,958	–	11
Income tax receivables	9	3	496	235
Cash and cash equivalents	36,447	30,538	7,881	12,469
Total current assets	119,589	113,523	66,073	69,671
Total assets	220,145	200,306	151,776	155,174
Equity and liabilities				
Equity				
Share capital	1,512	1,512	1,512	1,512
Legal reserve	16	16	16	16
Reserve for invested unrestricted equity	43,597	–	–	–
Cumulative translation difference	(244)	(374)	(248)	–
Retained earnings	20,733	5,246	8,524	9,561
Profit (loss) for the period	34,725	29,240	(3,278)	(1,038)
Total equity attributable to owners of the parent company	100,339	35,641	6,527	10,052
Non-controlling interests	–	23,179	13,877	14,573
Total equity	100,339	58,820	20,404	24,625
Liabilities				
Non-current liabilities				
Borrowings	19,696	40,831	44,361	44,626
Lease liabilities	26,706	27,578	28,830	25,390
Derivative liabilities	483	1,765	2,720	2,743
Other long-term employee benefits	3,892	3,670	3,764	3,471
Other payables	–	–	754	–
Deferred tax liabilities	2,622	1,729	1,836	2,641
Provisions	88	120	138	156
Total non-current liabilities	53,486	75,693	82,404	79,027
Current liabilities				
Borrowings	11,206	4,000	4,000	6,000
Lease liabilities	2,098	2,154	2,127	1,641
Advances received	748	631	623	575
Trade payables	27,671	28,792	24,210	25,454
Trade payables, payment system	7,318	6,604	4,675	4,455
Other payables	17,003	15,348	13,019	13,233
Income tax liabilities	275	8,264	315	164
Total current liabilities	66,320	65,792	48,969	51,523
Total liabilities	119,806	141,486	131,373	130,550
Total equity and liabilities	220,145	200,306	151,776	155,174

(1) Koskisen's consolidated balance sheet information as at December 31, 2019, equals the unaudited opening statement of financial position as at January 1, 2020, prepared in connection with the adoption of IFRS. For more information on the adoption of IFRS, see "*Operating and Financial Review—Impact of the Adoption of IFRS*" and note 25 to the IFRS Audited Consolidated Financial Statements incorporated by reference into this Offering Circular.

	As at and for the nine months ended September 30,		As at and for the year ended December 31,	
	2022	2021	2021	2020
	(IFRS)			
	(unaudited)		(audited)	
	(EUR in thousands)			
CONSOLIDATED CASH FLOW STATEMENT				
Cash flow from operating activities				
Profit (loss) for the period	40,952	23,217	38,546	(3,979)
Adjustments:				
Depreciation, amortization and impairment	6,116	6,350	9,525	9,107
Change in the fair value of the forest assets	7	(68)	(91)	151
Gain from sale of subsidiary	(2,209)	–	–	–
Gains and losses from sale of non-current assets	10	(59)	(74)	(30)
Interest and other financial income and expense	(539)	3,826	4,767	6,593
Income taxes	9,911	5,915	9,398	(381)
Change in other long-term employee benefits	200	77	(105)	268
Other adjustments	88	0	10	332
Total adjustments	13,583	16,040	23,430	16,039
Changes in net working capital:				
Change in trade on other receivables	(2,263)	(9,053)	(8,931)	(1,563)
Change in trade and other payables	968	5,407	8,164	(169)
Change in inventories	2,551	(3,364)	(5,375)	(194)
Utilized provision	(32)	(17)	(18)	(18)
Interest received	2	21	21	51
Interest paid	(8,075)	(2,963)	(4,837)	(4,440)
Other financial items received	151	169	210	134
Other financial items paid	(359)	(787)	(1,238)	(1,165)
Income taxes paid	(17,008)	(1,148)	(1,135)	(536)
Net cash flow from operating activities	30,470	27,522	48,836	4,160
Cash flow from investing activities				
Purchases of property, plant and equipment and intangible assets	(16,615)	(8,214)	(9,733)	(3,709)
Proceeds from sales of non-current assets	47	73	101	119
Purchases of financial assets at fair value through profit or loss	–	–	(10,000)	(134)
Proceeds from sales of financial assets at fair value through profit or loss	–	–	10	–
Proceeds from sale of subsidiary less cash and cash equivalents sold	3,136	–	–	–
Net cash flow from investing activities	(13,432)	(8,140)	(19,622)	(3,724)
Cash flow from financing activities				
Proceeds from borrowings	22,000	–	35,000	–
Repayment of borrowings	(35,000)	(2,000)	(39,000)	(3,000)
Proceeds from amendments to lease agreement	3,000	–	–	–
Repayments of lease liabilities	(1,800)	(1,736)	(2,291)	(2,093)
Net cash flow from financing activities	(11,800)	(3,736)	(6,291)	(5,093)
Net change in cash and cash equivalents	5,239	15,646	22,923	(4,658)
Cash and cash equivalents at the beginning of the period	30,538	7,881	7,881	12,469
Effects of exchange rate changes on cash and cash equivalents	671	(189)	(265)	69
Cash and cash equivalents at the end of period	36,447	23,338	30,538	7,881

	As at and for the year ended December 31, 2020	2019
	(FAS) (audited) (EUR in thousands)	
CONSOLIDATED CASH FLOW STATEMENT		
Cash flow from operating activities		
Profit (loss) for the period	(1,970)	(1,038)
Depreciation, amortization and impairment	6,201	8,059
Gains (+) and losses (-) from sale of non-current assets	(30)	(88)
Unrealized foreign exchange gains and losses	95	(6)
Financial income and expenses	3,753	4,028
Income taxes	293	189
Minority interest	(455)	40
Other adjustments	0	1,808
Cash flow before changes in working capital	7,888	12,992
Changes in working capital		
Addition to / reduction in inventories	(419)	5,697
Addition to / reduction in trade and other receivables	(838)	6,395
Addition to / reduction in trade payables and short-term debts	(365)	(2,437)
Cash flow from operating activities before financial items and taxes	6,266	22,647
Interest paid on operating activities	(2,186)	(2,221)
Dividend received from operating activities	1	1
Interest received from operating activities	51	55
Other financing items from operating activities	(1,438)	(1,271)
Taxes on operating activities	(532)	(494)
Loans granted	1,465	2,859
Repayment of loan income	(1,245)	(430)
Net cash flow from operating activities	2,382	21,147
Cash flow from investing activities		
Investments in tangible and intangible assets	(3,923)	(4,937)
Gains on disposals of tangible and intangible assets	119	113
Investments in other investments	(134)	0
Net cash flow from investing activities	(3,939)	(4,825)
Cash flow from financing activities		
Repayment of non-current borrowings	(3,000)	(4,500)
Net cash flow from financing activities	(3,000)	(4,500)
Net change in cash and cash equivalents	(4,557)	11,822
Cash and cash equivalents, opening balance	12,469	649
Effects of exchange rate changes on cash and cash equivalents	(31)	(2)
Cash and cash equivalents	7,881	12,469

	As at and for the three months ended September 30, 2022	As at and for the nine months ended September 30, 2022	As at and for the nine months ended September 30, 2021	As at and for the year ended December 31, 2021	As at and for the year ended December 31, 2020
		(unaudited)		(unaudited, unless otherwise indicated)	
	(IFRS) (EUR in thousands, unless otherwise indicated)				
KEY FIGURES					
Revenue	67,405	240,208	219,343	311,464[1]	219,957[1]
Items affecting comparability[2]	952	(892)	–	34	–
EBITDA[3]	10,317	56,440	39,308	62,236[1]	11,340[1]
EBITDA margin[4], percent	15.3	23.5	17.9	20.0	5.2
Adjusted EBITDA[5]	11,269	55,548	39,308	62,270	11,340
Adjusted EBITDA margin[6], percent	16.7	23.1	17.9	20.0	5.2
Operating profit (loss)	8,319	50,324	32,958	52,711[1]	2,233[1]
EBIT margin[7], percent	12.3	21.0	15.0	16.9	1.0
Adjusted EBIT[8]	9,271	49,432	32,958	52,745	2,233
Adjusted EBIT margin[9], percent	13.8	20.6	15.0	16.9	1.0
Profit (loss) before income tax	n/a	50,863	29,132	47,944[1]	(4,360)[1]
Profit (loss) for the period	n/a	40,952	23,217	38,546[1]	(3,979)[1]
Earnings per Share, basic[10][11], EUR	n/a	2.34	1.44	2.32[1]	(0.26)[1]
Earnings per Share, diluted[10][12], EUR	n/a	2.34	1.44	2.32[1]	(0.26)[1]
Net cash flows from operating activities	n/a	30,470	27,522	48,836[1]	4,160[1]
Net investments[13]	n/a	16,568	8,140	9,632	3,589
Net investments as share of revenue, percent[14]	n/a	(5.0)	n/a	(3.1)	(1.6)
Cash flow before financing[15]	n/a	17,038	19,382	29,214	436
Number of full-time equivalent employees at the end of the period[16]	n/a	865	858	931	865
Average number of full-time equivalent employees during the period[17]	n/a	863	990	909	892
Production volume[18], cubic meters	n/a	362,728	405,928	533,456	472,078
Sales volume[19], cubic meters	n/a	678,567	782,745	1,052,024	952,894

	As at and for the year ended December 31, 2020	As at and for the year ended December 31, 2019
	(FAS) (unaudited, unless otherwise indicated) (EUR in thousands, unless otherwise indicated)	
Revenue	219,957[1]	264,162[1]
EBITDA[3]	7,919	11,272
EBITDA margin[4], percent	3.6	4.3
Operating profit (loss)	1,717[1]	3,213[1]
EBIT margin[7], percent	0.8	1.2
Profit (loss) before income tax	(2,131)[1]	(809)[1]
Profit (loss) for the period	(1,970)[1]	(1,038)[1]
Net cash flows from operating activities	2,382[1]	21,147[1]
Net investments[13]	3,804	4,825
Net investments as share of revenue, percent[14]	1.7	1.8
Cash flow before financing[15]	(1,557)	16,322
Number of full-time equivalent employees at the end of the period[16]	865	915
Average number of full-time equivalent employees during the period[17]	892	1,013
Production volume[18], cubic meters	472,078	527,940
Sales volume[19], cubic meters	952,894	978,013

	As at September 30, 2022	As at December 31, 2021	2020	2019[20]
	(unaudited)	(IFRS) (unaudited, unless otherwise indicated)		(unaudited)
	(EUR in thousands, unless otherwise indicated)			
Total assets	220,145	200,306[1]	151,776[1]	155,174
Total equity	100,339	58,820[1]	20,404[1]	24,625
Capital employed[21]	153,826	134,513	102,807	103,652
Liquid assets[22]	46,267	40,496	7,881	12,480
Net debt[23]	13,439	34,067	71,436	65,177
Net debt/EBITDA, ratio[24]	0.17	0.55	6.30	n/a
Operative net working capital[25]	37,576	36,998	28,188	26,471
Operative net working capital as share of revenue, percent[26]	11.3	11.9	12.8	n/a
Equity ratio[27], percent	45.7	29.5	13.5	15.9
Gearing[28], percent	13.4	57.9	350.1	264.7
Return on capital employed[29], percent	50.7	44.4	2.2	n/a
Return on equity[30], percent	78.2	97.3	(17.7)	n/a
Depreciation related to leases[31]	2,373	3,278	3,025	n/a
Additions from leases[32]	882	1,066	6,019	n/a

(1) Audited.

(2) Items affecting comparability are unusual material items outside the ordinary course of business that relate to (i) costs related to the Reorganization, (ii) impairment charges, (iii) the gain or loss from the sale of businesses or significant fixed assets and (iv) costs related to the contemplated Listing.

Items affecting comparability is presented to reflect the underlying business performance of Koskisen and to enhance comparability between periods. Koskisen believes that items affecting comparability provide meaningful supplemental information by excluding items outside the ordinary course of business that reduce comparability between periods.

(3) EBITDA = Operating profit (loss) + Depreciation, amortization and impairments

EBITDA is an indicator used to measure Koskisen's performance.

(4) EBITDA margin, percent $= \dfrac{\text{EBITDA}}{\text{Revenue}} \times 100$

EBITDA margin is an indicator used to measure Koskisen's performance.

(5) Adjusted EBITDA = EBITDA + Items affecting comparability

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

(6) Adjusted EBITDA margin, percent $= \dfrac{\text{Adjusted EBITDA}}{\text{Revenue}} \times 100$

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

(7) EBIT margin, percent $= \dfrac{\text{Operating profit (loss)}}{\text{Revenue}} \times 100$

EBIT margin is an indicator used to measure Koskisen's performance.

(8) Adjusted EBIT = Operating profit (loss) + Items affecting comparability

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

(9) Adjusted EBIT margin, percent $= \dfrac{\text{Adjusted EBIT}}{\text{Revenue}} \times 100$

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

(10) The earnings per Share, basic, and earnings per Share, diluted, figures for the nine months ended September 30, 2022 and 2021, and for the years ended December 31, 2021 and 2020, have been adjusted retrospectively for the effects of the share issue without consideration as resolved by the extraordinary general meeting of shareholders of the Company as at October 31, 2022. The earnings per Share, basic, and earnings per Share, diluted, figures for the nine months ended September 30, 2021, and for the years ended December 31, 2021 and 2020, have been adjusted retrospectively for the effects of the proportion without consideration of the directed share issue as resolved unanimously by the shareholders of the Company as at August 25, 2022, and for the share issue without consideration as resolved by the extraordinary general meeting of shareholders of the Company as at April 26, 2022. Taking into account the abovementioned share issues, the number of Shares used to calculate earnings per Share, basic, and earnings per Share, diluted, for the nine months ended September 30, 2022, was 14,850,928 and the number of Shares used to calculate earnings per Share, basic, and earnings per Share, diluted, for the nine months ended September 30, 2021, and for the years ended December 31, 2021 and 2020, was 12,600,000. As at the date of this Offering Circular, the number of Shares is 17,779,606.

(11) Earnings per Share, basic, EUR $= \dfrac{\text{Profit (loss) for the period attributable to owners of the parent company}}{\text{Weighted average number of ordinary Shares outstanding during the period}}$

Earnings per Share, basic, reflects the distribution of Koskisen's results to its shareholders.

(12)	Earnings per Share, diluted, EUR	=	$\dfrac{\text{Profit (loss) for the period attributable to owners of the parent company}}{\text{Weighted average number of ordinary Shares outstanding during the period + Weighted average number of all dilutive instruments potentially to be converted into Shares}}$ Earnings per Share, diluted, reflects the distribution of Koskisen's results to its shareholders.
(13)	Net investments	=	Purchases of property, plant and equipment and intangible assets - Proceeds from sale of non-current assets Net investments is a measure used to assess Koskisen's investments to right-of-use assets and intangible assets.
(14)	Net investments as share of revenue, percent	=	$\dfrac{\text{Net investments}}{\text{Revenue (last 12 months)}} \times 100$ Net investments as share of revenue is a measure used to assess the amount of Koskisen's net investments as a share of revenue.
(15)	Cash flow before financing	=	Net cash flows from operating activities + Net cash flows from investing activities Cash flow before financing reflects the amount of cash flow Koskisen generates or uses from carrying out its operating and investing activities.
(16)	Number of full-time equivalent employees at the end of the period	=	$\dfrac{\text{Total number of hours worked by Koskisen's employees at the end of the period}}{\text{The total number of scheduled hours for a full-time employee at the end of the period}}$ Number of full-time equivalent employees at the end of the period presents the number of Koskisen's full-time equivalent employees at the end of the period.
(17)	Average number of full-time equivalent employees during the period	=	$\dfrac{\text{Total number of hours worked by Koskisen's employees during the period}}{\text{The total number of scheduled hours for a full-time employee during the period}}$ Average number of full-time equivalent employees during the period presents the average number of Koskisen's full-time equivalent employees during the period.
(18)	Production volume, cubic meters	=	Volume of finished goods produced during the period. Production volume reflects the level and development of Koskisen's production volume.
(19)	Sales volume, cubic meters	=	Volume of finished goods sold during the period. Sales volume reflects the level and development of Koskisen's sales volume.
(20)	Koskisen's consolidated balance sheet information as at December 31, 2019, equals the unaudited opening statement of financial position as at January 1, 2020, prepared in connection with the adoption of IFRS. For more information on the adoption of IFRS, see "*Operating and Financial Review—Impact of the Adoption of IFRS*" and note 25 to the IFRS Audited Consolidated Financial Statements incorporated by reference into this Offering Circular.		
(21)	Capital employed	=	Total assets - Current liabilities Capital employed reflects the capital tied to Koskisen's operations and it is used to calculate return on capital employed.
(22)	Liquid assets	=	Current financial assets at fair value through profit or loss + Cash and cash equivalents Liquid assets reflects the amount of cash and other assets that are readily convertible to cash.
(23)	Net debt	=	Borrowings[(33)] + Lease liabilities - Liquid assets Net debt is an indicator used to assess Koskisen's total external debt financing.
(24)	Net debt/EBITDA, ratio	=	$\dfrac{\text{Net debt}}{\text{EBITDA (last 12 months)}}$ Net debt/EBITDA is an indicator used to assess the level of Koskisen's financial risk and the level of Koskisen's indebtedness.
(25)	Operative net working capital	=	Inventories + Trade receivables + Other receivables - Advances received - Trade payables - Trade payables, payment system Operative net working capital is an indicator used to monitor the level of direct net working capital tied to Koskisen's operations.
(26)	Operative net working capital as share of revenue, percent	=	$\dfrac{\text{Operative net working capital}}{\text{Revenue (last 12 months)}} \times 100$ Operative net working capital as share of revenue reflects net working capital/Koskisen's revenue.
(27)	Equity ratio, percent	=	$\dfrac{\text{Total equity}}{\text{Total assets - Advances received}} \times 100$ Equity ratio measures Koskisen's solvency and ability to meet its liabilities in the long term.
(28)	Gearing, percent	=	$\dfrac{\text{Net debt}}{\text{Total equity}} \times 100$ Gearing is a measure used to assess Koskisen's financial leverage.
(29)	Return on capital employed, percent	=	$\dfrac{\text{Operating profit (loss) (last 12 months)}}{\text{Capital employed (average for the last 12 months)}} \times 100$ Return on capital employed reflects the return of capital tied to Koskisen's operations.
(30)	Return on equity, percent	=	$\dfrac{\text{Profit (loss) for the period (last 12 months)}}{\text{Total equity (average for the last 12 months)}} \times 100$ Return on equity is a measure used to assess Koskisen's profitability and the efficiency of Koskisen's profit generation.
(31)	Depreciation related to leases	=	Depreciation of right-of-use assets Depreciation related to leases reflects depreciation of right-of-use assets recognized from leases.
(32)	Additions from leases	=	Additions to right-of-use assets Additions from leases reflect additions of right of use-assets recognized from leases.
(33)	The item "Borrowings" includes the Capital Loans (as defined below). For more information on the Capital Loans, see "*Operating and Financial Review—Liquidity and Capital Resources—Financial Liabilities and Their Maturities—Capital Loans*."		

Reconciliation of Alternative Performance Measures

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

	For the three months ended September 30, 2022	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021 (IFRS)	For the year ended December 31, 2021	For the year ended December 31, 2020
		(unaudited)		(unaudited, unless otherwise indicated)	
		(EUR in thousands, unless otherwise indicated)			
Items affecting comparability					
Costs related to the Reorganization	48	321	–	–	–
Impairment charges	–	–	–	–	–
The gain (-) or loss (+) from sale of businesses or significant fixed assets	–	(2,209)	–	–	–
Costs related to the contemplated Listing	903	996	–	34	–
Items affecting comparability	952	(892)	–	34	–
EBITDA					
Operating profit (loss)	8,319	50,324	32,958	52,711[1]	2,233[1]
Depreciation, amortization and impairments	1,998	6,116	6,350	9,525[1]	9 107[1]
EBITDA	10,317	56,440	39,308	62,236[1]	11 340[1]
EBITDA margin					
EBITDA	10,317	56,440	39,308	62,236[1]	11,340[1]
Revenue	67,405	240,208	219,343	311,464[1]	219,957[1]
EBITDA margin, percent	15.3	23.5	17.9	20.0	5.2
Adjusted EBITDA					
Operating profit (loss)	8,319	50,324	32,958	52,711[1]	2,233[1]
Depreciation, amortization and impairments	1,998	6,116	6,350	9,525[1]	9,107[1]
Items affecting comparability	952	(892)	–	34	–
Adjusted EBITDA	11,269	55,548	39,308	62,270	11,340
Adjusted EBITDA margin					
Adjusted EBITDA	11,269	55,548	39,308	62,270	11,340
Revenue	67,405	240,208	219,343	311,464[1]	219,957[1]
Adjusted EBITDA margin, percent	16.7	23.1	17.9	20.0	5.2
EBIT margin					
Operating profit (loss)	8,319	50,324	32,958	52,711[1]	2,233[1]
Revenue	67,405	240,208	219,343	311,464[1]	219,957[1]
EBIT margin, percent	12.3	21.0	15.0	16.9	1.0
Adjusted EBIT					
Operating profit (loss)	8,319	50,324	32,958	52,711[1]	2,233[1]
Items affecting comparability	952	(892)	–	34	–
Adjusted EBIT	9,271	49,432	32,958	52,745	2,233
Adjusted EBIT margin					
Adjusted EBIT	9,271	49,432	32,958	52,745	2,233
Revenue	67,405	240,208	219,343	311,464[1]	219,957[1]
Adjusted EBIT margin, percent	13.8	20.6	15.0	16.9	1.0
Net investments					
Purchases of property, plant and equipment and intangible assets	n/a	16,615	8,214	9,733[1]	3,709[1]
Proceeds from sale of non-current assets	n/a	(47)	(73)	(101)[1]	(119)[1]
Net investments	n/a	16,568	8,140	9,632	3,589
Net investments as share of revenue					
Net investments	n/a	16,568	8,140	9,632	3,589
Revenue (last 12 months)	n/a	332,329	n/a	311,464[1]	219,957[1]
Net investments as share of revenue, percent	n/a	5.0	n/a	3.1	1.6
Cash flow before financing					
Net cash flows from operating activities	n/a	30,470	27,522	48,836[1]	4,160[1]
Net cash flows from investing activities	n/a	(13,432)	(8,140)	(19,622)[1]	(3,724)[1]
Cash flow before financing	n/a	17,038	19,382	29,214	436

	For the year ended December 31,	
	2020	2019
	(FAS) (unaudited, unless otherwise indicated) (EUR in thousands, unless otherwise indicated)	
EBITDA		
Operating profit (loss)	1,717[(1)]	3,213[(1)]
Depreciation, amortization and impairments	6,201[(1)]	8,059[(1)]
EBITDA	7,919	11,272
EBITDA margin		
EBITDA	7,919	11,272
Revenue	219,957[(1)]	264,162[(1)]
EBITDA margin, percent	3.6	4.3
EBIT margin		
Operating profit (loss)	1,717[(1)]	3,213[(1)]
Revenue	219,957[(1)]	264,162[(1)]
EBIT margin, percent	0.8	1.2
Net investments		
Purchases of property, plant and equipment and intangible assets	3,923[(1)]	4,937[(1)]
Proceeds from sale of non-current assets	(119)[(1)]	(113)[(1)]
Net investments	3,804	4,825
Net investments as share of revenue		
Net investments	3,804	4,825
Revenue (last 12 months)	219,957[(1)]	264,162[(1)]
Net investments as share of revenue, percent	1.7	1.8
Cash flow before financing		
Net cash flows from operating activities	2,382[(1)]	21,147[(1)]
Net cash flows from investing activities	(3,939)[(1)]	(4,825)[(1)]
Cash flow before financing	(1,557)	16,322

	As at September 30, 2022	As at December 31,		
		2021	2020	2019[(3)]
		(IFRS)		
	(unaudited)	(unaudited, unless otherwise indicated)		(unaudited)
	(EUR in thousands, unless otherwise indicated)			
Capital employed				
Total assets	220,145	200,306[(1)]	151,776[(1)]	155,174
Total current liabilities	(66,320)	(65,792)[(1)]	(48,969)[(1)]	(51,523)
Capital employed	153,826	134,513	102,807	103,652
Liquid assets				
Current financial assets at fair value through profit or loss	9,820	9,958[(1)]	–[(1)]	11
Cash and cash equivalents	36,447	30,538[(1)]	7,881[(1)]	12,469
Liquid assets	46,267	40,496	7,881	12,480
Net debt				
Non-current borrowings	19,696	40,831[(1)]	44,361[(1)]	44,626
Current borrowings	11,206	4,000[(1)]	4,000[(1)]	6,000
Non-current lease liabilities	26,706	27,578[(1)]	28,830[(1)]	25,390
Current lease liabilities	2,098	2,154[(1)]	2,127[(1)]	1,641
Liquid assets	(46,267)	(40,496)	(7,881)	(12,480)
Net debt	13,439	34,067	71,436	65,177
Net debt/EBITDA				
Net debt	13,439	34,067	71,436	65,177
EBITDA (last 12 months)	79,368	62,236	11,340	n/a
Net debt/EBITDA, ratio	0.17	0.55	6.30	n/a
Operative net working capital				
Inventories	35,058	38,062[(1)]	32,665[(1)]	32,568
Trade receivables	30,964	29,544[(1)]	19,750[(1)]	19,887
Current other receivables	7,291	5,418[(1)]	5,281[(1)]	4,501
Advances received	(748)	(631)[(1)]	(623)[(1)]	(575)
Trade payables	(27,671)	(28,792)[(1)]	(24,210)[(1)]	(25,454)
Trade payables, payment system	(7,318)	(6,604)[(1)]	(4,675)[(1)]	(4,455)
Operative net working capital	37,576	36,998	28,188	26,471
Operative net working capital as share of revenue				
Operative net working capital	37,576	36,998	28,188	26,471
Revenue (last 12 months)	332,329	311,464[(1)]	219,957[(1)]	n/a
Operative net working capital as share of revenue, percent	11.3	11.9	12.8	n/a

	As at September 30, 2022	As at December 31,		
		2021	2020	2019[(3)]
	(unaudited)	(IFRS) (unaudited, unless otherwise indicated)		(unaudited)
	(EUR in thousands, unless otherwise indicated)			
Equity ratio				
Total equity	100,339	58,820[(1)]	20,404[(1)]	24,625
Total assets	220,145	200,306[(1)]	151,776[(1)]	155,174
Advances received	748	631[(1)]	623[(1)]	575
Equity ratio, percent	45.7	29.5	13.5	15.9
Gearing				
Net debt	13,439	34,067	71,436	65,177
Total equity	100,339	58,820[(1)]	20,404[(1)]	24,625
Gearing, percent	13.4	57.9	350.1	264.7
Return on capital employed				
Operating profit (loss) (average for the last 12 months)	70,078	52,711[(1)]	2,233[(1)]	n/a
Capital employed (average for the period)	138,089	118,660	103,230	n/a
Return on capital employed, percent	50.7	44.4	2.2	n/a
Return on equity				
Profit (loss) for the period (average for the last 12 months)	56,281	38,546[(1)]	(3,979)[(1)]	n/a
Total equity (average for the period)	71,932	39,612	22,514	n/a
Return on equity, percent	78.2	97.3	(17.7)	n/a

(1) Audited.

(2) Koskisen's consolidated balance sheet information as at December 31, 2019, equals the unaudited opening statement of financial position as at January 1, 2020, prepared in connection with the adoption of IFRS. For more information on the adoption of IFRS, see "*Operating and Financial Review—Impact of the Adoption of IFRS*" and note 25 to the IFRS Audited Consolidated Financial Statements incorporated by reference into this Offering Circular.

For additional information on Alternative Performance Measures, see "*Certain Matters—Presentation of Financial Information*."

Selected Segment Financial Information

The following table sets forth Koskisen's selected unaudited segment financial information for the periods indicated:

	For the three months ended September 30, 2022	For the nine months ended September 30,		For the year ended December 31,	
		2022	2021	2021	2020
		(unaudited)	(IFRS)	(unaudited, unless otherwise indicated)	
	(EUR in thousands, unless otherwise indicated)				
Sawn Timber Industry business segment					
External revenue[(1)]	32,833	129,960	127,556	187,980[(2)]	120,051[(2)]
EBITDA[(3)]	6,091	38,095	31,973	50,652[(2)]	2,630[(2)]
EBITDA margin[(4)], percent	18.6	29.3	25.1	26.9	2.2
Panel Industry business segment					
External revenue[(1)]	34,543	110,167	91,628	123,281[(2)]	99,781[(2)]
EBITDA[(3)]	6,246	19,902	11,059	14,063[(2)]	8,752[(2)]
EBITDA margin[(4)], percent	18.1	18.1	12.1	11.4	8.8
Others					
External revenue[(1)]	30	81	159	204[(2)]	125[(2)]
EBITDA[(3)]	(2,020)	(2,560)	(3,680)	(2,413)[(2)]	(33)[(2)]

(1) Revenue excluding internal sales.

(2) Audited.

(3) EBITDA = Operating profit (loss) + Depreciation, amortization and impairments

EBITDA is an indicator used to measure Koskisen's performance.

(4) EBITDA margin, percent $= \dfrac{\text{EBITDA}}{\text{Revenue}} \times 100$

EBITDA margin is an indicator used to measure Koskisen's performance.

Selected Long-term Financial Information

The following table sets forth information on Koskisen's revenue that has been derived or calculated from Koskisen's audited consolidated financial statements as at and for the years ended December 31, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011 and 2010, and the notes thereto, prepared in accordance with FAS. The House Industry business was divested on July 1, 2019.

	For the year ended December 31,									
	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
	(FAS) (audited) (EUR in thousands)									
Revenue	264,162	269,090	270,501	264,353	247,337	240,795	219,975	200,930	202,976	179,648
Revenue attributable to the House Industry business	8,732[(1)]	15,168	13,032	13,851	13,067	12,786	15,097	17,768	17,798	17,132

(1) The House Industry business was divested on July 1, 2019.

For more information on selected long-term financial information, see "*Certain Matters—Presentation of Financial Information—Other Historical Financial Information*."

OPERATING AND FINANCIAL REVIEW

The following discussion of Koskisen's financial condition and results of operations should be read together with the Consolidated Financial Information and the information relating to Koskisen's business included elsewhere in this Offering Circular. For information on the basis of preparation of the Audited Consolidated Financial Statements, see "Certain Matters—Presentation of Financial Information." Financial information for the year ended December 31, 2020, prepared in accordance with FAS is presented below and elsewhere in this Offering Circular, where financial information for the year ended December 31, 2020, is compared to financial information as at and for the year ended December 31, 2019. Accordingly, financial information prepared in accordance with FAS for the years ended December 31, 2020 and 2019, is not fully comparable with financial information prepared in accordance with IFRS as at and for the nine months ended September 30, 2022 and 2021, and as at and for the years ended December 31, 2021, 2020 and 2019. Koskisen's consolidated balance sheet information as at December 31, 2019, equals the unaudited opening statement of financial position as at January 1, 2020, prepared in connection with the adoption of IFRS. For more information on the first-time adoption of IFRS, see "—Impact of the Adoption of IFRS" below and note 25 to the IFRS Audited Consolidated Financial Statements incorporated by reference into this Offering Circular.

The following discussion includes forward-looking statements that reflect the current view of Koskisen's management and involve inherent risks and uncertainties. Koskisen's actual results of operations or financial condition could differ materially from those contained in such forward-looking statements as a result of many factors discussed below and elsewhere in this Offering Circular, particularly in "Risk Factors." See "Certain Matters—Special Cautionary Notice Regarding Forward-looking Statements."

Overview

Koskisen has two business segments, which are also reportable segments: Sawn Timber Industry and Panel Industry. The Sawn Timber Industry business segment produces sawn and further processed timber and the Panel Industry business segment produces plywood, thin plywood, veneers, chipboards and interior solutions for the light and heavy commercial vehicle industry under the Kore brand. For the year ended December 31, 2021, the combined annual production capacity of Koskisen's business segments was approximately 545,000 cubic meters. Koskisen's Wood Procurement function, which is part of the Sawn Timber Industry business segment, is responsible for procuring wood for Koskisen's own production facilities. In addition, the Wood Procurement function delivers residues from Koskisen's own production for bioenergy production to power plants located at Koskisen's production facilities owned and operated by Loimua and to several other nearby power plants as well as supplies raw material (chips and fiber wood) to paper and pulp manufacturers.

In addition, Kosava-Kiinteistöt Oy, which is Koskisen's fully-owned subsidiary providing facility management services to the Company, as well as some of the Group functions which are not allocated to the business segments, such as human resources, financial accounting and controlling, shared IT applications and services, environment, health and safety as well as corporate governance, are included in the Other item.

The following table sets forth Koskisen's revenue by segment for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,			
	2022	2021	2021	2020	2020	2019
	(IFRS)				(FAS)	
	(unaudited)		(audited)			
	(EUR in thousands)					
Sawn Timber Industry business segment						
External revenue	129,960	127,556	187,980	120,051	n/a	n/a
Internal revenue	18,084	15,737	22,114	15,423	n/a	n/a
Total Sawn Timber Industry business segment	148,044	143,293	210,094	135,474	n/a	n/a
Panel Industry business segment						
External revenue	110,167	91,628	123,281	99,781	n/a	n/a
Internal revenue	1,873	2,380	3,290	2,273	n/a	n/a
Total Panel Industry business segment	112,040	94,008	126,571	102,053	n/a	n/a
Total business segments	260,084	237,301	336,665	237,527	n/a	n/a
Other	503	528	729	580	n/a	n/a
Elimination of internal sales	(20,380)	(18,486)	(25,930)	(18,150)	n/a	n/a
Total	240,208	219,343	311,464	219,957	219,957	264,162

Key Factors Affecting Results of Operations

Overview

Koskisen's results of operations have been and are expected to continue to be affected by a number of internal and external factors, some of which are beyond Koskisen's control. The following key factors have affected, and may continue to affect, Koskisen's results of operations:

- general macroeconomic conditions;
- demand for Koskisen's products;
- product pricing and competition;
- costs of wood and other raw materials;
- operating expenses;
- operating efficiency;
- seasonality; and
- currency exchange rate fluctuations.

However, Koskisen's past performance may not be indicative of its future results of operations and investors should also consider the risks and uncertainties discussed in "*Risk Factors*" that may affect Koskisen's results of operations.

General Macroeconomic Conditions

General macroeconomic conditions, particularly in Koskisen's core markets in Finland, the EU and parts of Asia, affect demand for Koskisen's products and, therefore, Koskisen's results of operations. For the year ended December 31, 2021, 38 percent of Koskisen's revenue was generated from Finland, 33 percent from the EU and 29 percent from other countries. For the Sawn Timber Industry business segment, the top three export countries measured in terms of revenue for the year ended December 31, 2021, were Finland (representing 44 percent of the segment's revenue), Japan (23 percent) and Germany (3 percent). For the Panel Industry business segment, the top three countries measured by revenue for the same period were Finland (representing 27 percent of the segment's revenue), Germany (13 percent) and Poland (9 percent).

In general, the sawn timber and panel industries in which Koskisen operates are cyclical in nature and the volume of sales and profitability of Koskisen's products may vary as a result of economic conditions, the political environments in Koskisen's markets as well as globally and changes in financial markets. Koskisen's Sawn Timber Industry business segment produces sawn and further-processed timber and the Panel Industry business segment produces plywood, thin plywood, veneers, chipboards and interior solutions for the light and heavy commercial vehicle industry under the Kore brand. For the year ended December 31, 2021, the combined annual production capacity of Koskisen's business segments was approximately 545,000 cubic meters. The sawn timber markets are global and products are traded between continents, whereas the panel markets are largely regional or local. For the year ended December 31, 2021, 60.4 percent of Koskisen's external revenue was generated from the Sawn Timber business segment and 39.6 percent from the Panel Board business segment. A lower or negative level of general economic activity and investments made in the industries in which Koskisen's products are used negatively affect the overall demand for and profitability of sawn timber and panel products. Construction is the largest end-user industry for Koskisen, followed by logistics and transportation industry. Other end-user industries important for Koskisen include furniture, joinery and packaging industries. For information on trends that affect Koskisen's end-user industries, see "*—Industry and Market Overview—Key Demand Drivers*."

The sawn timber and panel industries may also be affected by various events that are unforeseeable and/or beyond Koskisen's control, such as natural disasters, epidemics, political developments and geopolitical tensions. During the periods under review, general economic conditions in Koskisen's markets have been particularly affected by the outbreak of COVID-19 at the beginning of 2020 and the ongoing Russian military action against Ukraine that began in February 2022. Although the COVID-19 pandemic adversely affected Koskisen's activities in the early stages of the pandemic, for example due to lock downs in Central Europe that resulted in a significant temporary reduction in order inflow in Koskisen's plywood products, such adverse effects have been rather limited recently due to Koskisen's broad product offering, as adverse effects on one product category have been offset by positive effects on another product categories. For example, the COVID-19 pandemic increased consumer DIY and construction projects, which positively impacted demand for sawn timber particularly in 2021 and the first half of 2022, whereas correspondingly the effects of COVID-19 pandemic negatively impacted, for example, demand within the panel industry.

With respect to the ongoing war in Ukraine, Koskisen does not trade directly with any companies or entities in Russia, Ukraine or Belarus, when Koskisen's Russian subsidiary Koskisilva was sold to an external buyer during the summer of

2022. In addition, as at the date of this Offering Circular, Koskisen is finalizing the sale of its subsidiary, Koskiles, to an external buyer. The aim is to complete the sale during the first quarter of 2023, at the latest. For the years ended December 31, 2021 and 2020, the aggregate external revenue of Koskiles and Koskisilva was EUR 432 thousand and EUR 405 thousand, respectively. The ongoing war in Ukraine has caused disruptions to, for example, supply chains in Europe, resulting in logistics disruptions and increasing transportation costs as well as increasing the prices and decreasing the availability of raw materials, such as resins and other chemicals as well as raw wood materials (especially woodchips, pulp wood and birch logs). These disruptions have also affected the Company, as, for example, the availability of birch logs, which the Company partially procured from Russia, has decreased since the beginning of the ongoing war in Ukraine. Similarly, the ongoing war in Ukraine has accelerated the inflation globally and affected the prices and availability of electricity, particularly in Europe, which relied partially on the supply of Russian natural gas prior to the ongoing war in Ukraine. However, the increases have not materially affected the total costs of Koskisen's production. Furthermore, the economic sanctions imposed on Russia and Belarus and Russia's counter-sanctions or other retaliatory measures and the heightened tensions between Russia and the rest of Europe and the United States over events in Ukraine could have a prolonged material adverse effect on global financial market conditions and the global economy.

Demand for Koskisen's Products

Demand for Koskisen's products is largely driven by market growth and its impact on Koskisen's end-user industries as discussed under "*—General Macroeconomic Conditions*" above. A key factor affecting the demand of Koskisen's products is the prevailing overall activity of Koskisen's customers in the sawn softwood, birch plywood and chipboard markets. See "*Industry and Market Overview—Key Demand Drivers*" for more information.

The following table sets forth Koskisen's external sales volumes for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,		
	2022	2021	2021	2020	2019
	(unaudited) (cubic meters in thousands)				
Sawn Timber Industry					
Sawn timber	146	169	233	223	224
Processed timber	81	100	140	116	119
Wood Procurement function	725	797	1,083	930	1,000
Panel Industry					
Plywood	48	44	65	52	77
Chipboard	71	77	101	88	92
Thin plywood and veneer	2	2	3	3	3
Kore	2	3	4	2	–

Environmental awareness is a key megatrend affecting the factors driving market growth. Environmental awareness includes areas such as:

- increasing regulation to cut emissions supports use of wood products;
- growing construction volumes as a result of urbanization combined with wood materials create demand for wood products;
- increasing logistics volumes and need for transportation vehicles create demand for plywood solutions in the light commercial vehicle industry; and
- increasing use of wood in furniture as more sustainable, durable and resistant alternative.

Construction is one of the most resource intensive industries. Regulators in many countries are seeking ways to reduce greenhouse emissions related to construction, and wood-based construction offers a viable alternative to achieve these targets. Thus, green construction and related regulation are key drivers for Koskisen's sawn timber products, as approximately 60 percent of Koskisen's sawn timber (based on sales) was used in construction related applications for the nine months ended September 30, 2022. Increasing global logistics volumes increase the demand for logistics, and, therefore, transport vehicles and construction were the main end uses for Koskisen's plywood products for the nine months ended September 30, 2022, accounting for approximately 47 percent of the Panel Industry business segment's sales. The third major end-user industry for Koskisen is the furniture industry and of Koskisen's chipboard products, approximately 63 percent were used in furniture applications for the nine months ended September 30, 2022. One major contributor to furniture demand growth is the projected increasing number of first home buyers in Europe, and wood as more sustainable alternative is expected to attract consumers.

Tightening environmental regulation is an important driver for the construction industry in the long term and consequently, the demand for Koskisen's products. Legislative changes in Finland, the EU and abroad have gradually enabled the use of wood as a construction material in increasingly larger buildings. There is a strong governmental support for wood construction in Finland, which Koskisen believes favors Koskisen's wood products over non-renewable alternatives.

Product Pricing and Competition

Wood product prices have historically been subject to fluctuations and the prices have been at all-time high levels in the past 18 months. Since the start of the COVID-19 pandemic, the global sawn wood prices have increased significantly due to supply shortages and increased demand, particularly within the construction and DIY markets. Access to raw materials in Central European and North American markets has decreased as a result of environmental factors, such as storms and insect damage (caused by, for example, beetles). This has caused shortages of high quality raw materials, which has resulted in reduced supply and increasing sawn wood prices. Koskisen estimates that, due to the large share of its further processed, value-added timber products, such as planed and painted sawn goods, as well as its tailor-made and customer-driven supply, its prices are higher than average prices in the industry. Compared to sawn wood prices, plywood prices have been less volatile between 2013 and the first half of 2022. Koskisen believes that the price level of Koskisen's birch plywood is above the market average as it meets the highest quality standards, and as Koskisen has a diverse customer, product and end-user mix, as well as a high share of direct sales. Prices for chipboard and MFC in Finland has increased from the pre-COVID-19 pandemic levels in 2019 due to supply shortages resulting from temporary shutdowns at multiple chipboard mills in Central Europe due to the COVID-19 pandemic. The price increases have also resulted from higher energy and raw material costs as well as the increased demand in 2021. Koskisen believes that it offers the widest range of chipboard grades on the Finnish market, and that its high share of direct sales resulting from historical customer loyalty and after-services support higher sales prices for its chipboard products.

The following table sets forth average gross prices of Koskisen's products for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,		
	2022	2021	2021	2020	2019
	(unaudited) (EUR per cubic meter)				
Sawn Timber Industry					
Sawn timber	372	301	321	195	207
Processed timber	502	386	440	265	289
Wood Procurement function	49	48	48	49	49
Panel Industry					
Plywood	1,458	1,234	1,146	1,266	1,217
Chipboard	412	300	310	292	290
Thin plywood and veneer	2,412	2,107	2,036	1,888	1,614
Kore	3,937	3,465	3,145	1,620	–

Koskisen's agreements with its customers are typically order specific. The prices of Koskisen's products are set in accordance with the market standards, and they are typically negotiated together with the customers. The prices and volumes for customers in sawn timber, plywood and chipboard markets are typically set on a quarterly basis. The prices for biofuels are usually set on a seasonal basis (*i.e.,* prices for the next heating season are set during the preceding first and second quarter of the year). Koskisen seeks to adjust its prices based on general market conditions, customer specific situations and needs as well as taking into account its order book. In some agreements Koskisen has clauses that allow it to transfer certain costs, such as freight costs, to its customers.

Koskisen produces and sells a variety of wood products and the competition for these products is fragmented in the markets in which Koskisen operates. Koskisen's competitive environment varies between product categories, but in general, Koskisen competes with other international players and foreign competitors operating in local markets as well as with local Finnish competitors. In addition to the competition for customers, Koskisen must also compete for wood with both large integrates and independent sawmill companies. The sawn timber industry is generally sensitive to price fluctuations, and if prices increase locally for timber supplies, Koskisen may be unable to reflect such local price increases in its product pricing, as the pricing of its products are based on global market prices rather than local ones. On the other hand, Koskisen benefits if global market prices increase compared to the local prices. Koskisen's ability to pursue an active pricing strategy is dependent on both its value add to its customers and on the competition it faces on the market. Koskisen aims to maximize its profitability by selling its products to several geographic markets.

Koskisen's customers include mainly direct end-user customers. In addition, a smaller part of Koskisen's products are sold to wholesalers and distributors. Koskisen focuses on direct sales to customers due to higher customer intimacy and better customer service. Selling directly to customers often results also in higher prices and better profitability as compared to selling through wholesalers or distributors. Between 40 percent and 50 percent of Koskisen's sales in sawn timber, between 85 percent and 95 percent of sales in plywood and between 60 percent and 70 percent of sales in chipboard were direct sales to customers in 2021. This is higher than the industry average of 25–35 percent, 25–35 percent and 35–40 percent, respectively, between 2017 and 2021 (*source: AFRY Market Study*). Koskisen's number of customized products in plywood is high, which supports the use of direct sales. Koskisen also uses traditional sales channels, especially in markets where bypassing trading houses is not a valid option. This is evident for example in Japan, where maintaining good relationships with trading houses is important.

Quality is in the center of the Company's operations, and the Company aims to offer products to customers who value quality. Koskisen believes that its agility and desire to solve customer's needs in a creative way separates it from its competitors and, therefore, the Company aims to anticipate and identify customer needs and to offer solutions to solve their problems to avoid losing its market share or being forced to rely on price reductions.

Cost of Wood and Other Raw Materials

Purchases of raw materials is the most important item related to Koskisen's cost of goods sold. The largest item of these is purchase of wood materials. Other raw materials include glues and chemicals used in panel production. Wood prices are affected primarily by the supply and demand balance, which has been tightening in Finland due to, among other things, the import ban on wood from Russia and Belarus in response to the ongoing war in Ukraine. Other factors affecting the price of wood include, for example, transport costs, energy costs, capacity of forest owners, regulation, sanctions, export restrictions, the level of import duties and exports.

Koskisen's Wood Procurement function procures wood, among others, for Koskisen's own production facilities. In 2021, the volume of procured wood through Koskisen's Wood Procurement function was 1.4 million cubic meters, of which 52 percent was spruce, 20 percent pine, 27 percent birch and 1 percent aspen. Koskisen purchases most of its wood in Finland from thousands of private forest owners, whose forests are mainly located in southern and eastern Finland. Koskisen imported approximately 15 thousand cubic meters of birch logs from Russia during the first four months of 2022, after which Koskisen has not imported any birch logs from Russia. Although Koskisen has not imported birch logs from Russia since the first quarter of 2022, this has not had a significant impact on the availability of wood raw material for Koskisen, as Koskisen has been able to replace its needs with domestic sources. As at the date of this Offering Circular, Koskisen mainly relies on Finnish suppliers. Koskisen purchases raw wood throughout the year, and the pricing of raw wood is based on the market prices at the time. Furthermore, Koskisen has inventory targets for raw wood materials, which is monitored in its operational planning. For example, Koskisen's buying activity of raw wood is based, on one hand, on the necessary inventories and the production forecasts, and on the other hand, pricing outlook of the wood market. Koskisen generally purchases wood and other raw materials during the winter and consumes its inventories during the summer months. Accordingly, Koskisen's net working capital generally increases between from the third quarter of the year until the first quarter of the following year, at which point net working capital begins to decrease.

Electricity prices have increased significantly during 2022, having been approximately 94 percent higher for the nine months ended September 30, 2022, than for the nine months ended September 30, 2021; however, the increase has not materially affected the total costs of Koskisen's production for the nine months ended September 30, 2022. It has been predicted that electricity prices will continue to increase as a result of factors beyond Koskisen's control, which could impact the Company's cost base, although the Company estimates that the impact on total costs would be relatively small. Koskisen hedges against electricity price changes and approximately 60 percent of the estimated electricity consumption in 2023 has been hedged against price increases.

The following table sets forth Koskisen's expenses for materials and services for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,	
	2022	2021	2021	2020
	(IFRS)			
	(unaudited)		(audited, unless otherwise indicated)	
	(EUR in thousands)			
Wood procurement	52,200	62,183	88,112[(1)]	71,985[(1)]
Purchases of other raw materials and materials	31,919	27,011	37,378[(1)]	30,028[(1)]
Electricity	4,928	3,333	5,048[(1)]	4,066[(1)]
Change in inventories	4,340	(464)	(5,357)	(2,590)
External services	27,254	29,048	39,934	33,694
Materials and services	120,642	121,111	165,115	137,183

(1) Unaudited.

Operating Expenses

Koskisen's most significant operating expenses are employee benefit expenses. Other significant operating expense categories include sales freight, forwarding and shipping. The operating cost structure has been quite stable historically, with approximately one-half coming from employee benefits. In addition to normal salary increases, the increase in employee expenses in 2021, as compared to 2020, was also affected by a four-week-long support strike that Koskisen experienced in February 2020. Also, the high demand in 2021 resulted to full capacity utilization in 2021 and, thus, a higher number of shifts in production as well as higher bonuses paid. The freight cost increase in 2021 was largely due to higher sales volumes and also attributable to higher costs related to sea container freights. Challenges in Koskisen's logistics and distribution chain, such as a lack of drivers and availability of sea containers, have increased Koskisen's logistics costs in recent years.

The following table sets forth Koskisen's operating expenses for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,	
	2022	2021	2021	2020
	(IFRS)			
	(unaudited)		(audited, unless otherwise indicated)	
	(EUR in thousands)			
Employee benefit expenses	34,193	32,868	44,443	36,589
Sales freight and forwarding	21,054	19,098	27,210	21,178
Other operating expenses	12,371	9,403	13,438[1]	11,962[1]
Total operating expenses	67,618	61,369	85,091[1]	69,728[1]

(1) Unaudited.

Operating Efficiency

Koskisen's production facilities are located in Järvelä and Hirvensalmi, Finland, and Toporów, Poland. In addition, Koskisen is currently building the New Järvelä Unit, where production is expected to begin in stages during 2023 and 2024, with full capacity production utilization from the beginning of 2024. During the ramp-up period, the old unit will continue production, ensuring business continuity. The New Järvelä Unit is expected to increase the Sawn Timber Industry business segment's current 300,000 cubic meter annual production capacity of sawn goods in Järvelä, Finland, by 33 percent. The New Järvelä Unit is expected to provide added processing capacity, higher log yield due to modern state-of-the-art technology, better value to forest owners due to use of smaller logs, enhanced operative efficiency by up to 40 percent in the sawing process as a result of increased automation and higher production capacity, savings in Koskisen's fixed and variable production costs, broader range of usage of raw materials as well as an option to increase capacity through limited investments. In the future, Koskisen may make further investments to increase the New Järvelä Unit's annual production capacity up to 500,000 cubic meters through limited investments (*i.e.*, to increase the annual production capacity by 67 percent compared to its annual production capacity for the year ended December 31, 2021). Koskisen estimates to invest approximately EUR 50 million in total in the New Järvelä Unit between 2021 and 2024, of which EUR 21.2 million had been invested as at September 30, 2022. EBITDA gains in the Sawn Timber Industry business segment are estimated by Koskisen to be EUR 8 million on an annual basis as of 2024, when the New Järvelä Unit is fully operational (*i.e.*, from the beginning of 2024 according to the Company's estimate).

Seasonality

The first and second quarters of a year are usually Koskisen's strongest in terms of sales, as winter is typically the best season for wood procurement. The third quarter of a year is usually impacted by scheduled production stoppages and decreases in inventories.

Currency Exchange Rate Fluctuations

Due to the international nature of Koskisen's business, Koskisen is exposed to transactional and translation risks resulting from currency exchange rate fluctuations. Transactional risks arise when the trade currency of products is other than the domestic currency of the Company and its subsidiaries. Translation risks arise when the funds of the subsidiaries held in different currencies are translated into the Company's operating currency, the euro. Koskisen's results from operations are exposed to changes in exchange rates between the euro, the reporting currency, and other currencies, such as the U.S. dollar and British pound sterling. Koskisen is primarily exposed to changes in euro/U.S. dollar exchange rate. Koskisen's exposure to other foreign exchange movements is not material. The sensitivity of Koskisen's profit (loss) for the period to changes in exchange rates arises primarily from changes to revenue and trade receivables denominated in U.S. dollars and a U.S. dollar denominated bank account, which was significant as at December 31, 2021 due to a significant increase in sales denominated in the U.S. dollars for the year ended December 31, 2021, compared to the year ended December 31, 2020. For the year ended December 31, 2021, a 10 percent increase in the EUR/USD exchange rate would have resulted in a EUR 3,056 thousand decrease in Koskisen's profit (loss) for the year (a decrease of EUR 1,388 thousand for the year ended December 31, 2020), and a 10 percent decrease in the EUR/USD exchange would have resulted in a EUR 3,056 thousand increase in Koskisen's profit (loss) for the year (an increase of EUR 1,388 thousand for the year ended December 31, 2020).

Koskisen protects itself against transaction risk related to exchange rate fluctuations and uses foreign exchange forward contracts for the effects of currency fluctuations of the Company's operating currency, the euro, against U.S. dollar (*i.e.*, transactional risk).

Recent Events

There have not been any significant changes in the financial position or performance of Koskisen between September 30, 2022, and the date of this Offering Circular.

Short-term Outlook

Trend Information

Especially the COVID-19 pandemic and Russia's military actions in Ukraine have caused uncertainty in the market. Demand for Koskisen's sawn wood products increased in the summer of 2020 and remained stable until the second quarter of 2022. The prices in sawn wood market increased significantly in early 2021 and have remained higher compared to price levels before the COVID-19 pandemic. The prices in the sawn wood market began to decrease during the third quarter of 2022; however, they remained above the price levels preceding the COVID-19 pandemic. Koskisen's order book for plywood strengthened towards the end of 2020 and remained stable in 2021 and 2022, whereas its order book for chipboards has remained relatively stable despite the COVID-19 pandemic and weakening economic conditions. Koskisen expects the demand for Koskisen's sawn wood products and the prices in the sawn wood market to decrease in the short term, but to stabilize in the long term compared to pre-COVID-19 pandemic levels in 2019. The decrease in prices in the sawn wood market and maintenance shutdowns at production facilities had an adverse effect on Koskisen's Sawn Timber Industry business segment's key figures, such as revenue and EBITDA, in the third quarter of 2022. Koskisen believes the demand for Koskisen's panel products to increase in the medium to long term in Koskisen's key markets. Koskisen anticipates market development for the products it offers to continue to be favorable in the absence of Russian supply from the market and demand for the products it offers to be good.

Profit Forecast

Koskisen estimates that its revenue will remain at the same level in 2022 compared to the level in 2021 and that its adjusted EBITDA will increase in 2022 compared to the level in 2021. For the year ending December 31, 2022, Koskisen estimates revenue to reach approximately EUR 310 million and adjusted EBITDA to reach between 21 percent and 23 percent. Koskisen estimates that in 2023, its revenue will not exceed the level in 2022 and its adjusted EBITDA will be 12–14 percent. Koskisen estimates that in 2023 the Panel Industry business segment's profitability will remain at the level of 2022 or improve compared to the level of 2022, and that the Sawn Timber Industry business segment's profitability will decrease compared to the level of 2022 as a result of the decrease in the prices of sawn goods. In addition, Koskisen estimates that the increased production capacity at the New Järvelä Unit will increase Koskisen's revenue and profitability, as well as improve the Sawn Timber Industry business segment's EBITDA annually by EUR 8 million as of 2024.

Koskisen's profit forecast is based on the estimates and assumptions of the Company's management regarding the development of the Company's revenue, profit and operating environment. The profit forecast for 2022 is based in particular on the development of the Company's business during the first three quarters of 2022 and on the estimated development of the business in the last quarter of 2022 based on the data available to the Company. Profit forecast for 2023 is based in particular on the estimated development of profitability and demand in the Panel Industry business segment in 2022, as well as on the estimated decrease in prices in the Sawn Timber Industry business segment. Key factors affecting the forecasts, that the Company may affect, are the productivity and efficiency of the Company's own operations. Factors beyond the Company's control relate, in particular, to general economic development, the escalation of the global political situation, rising inflation and interest rates, and their impact on the potential increasing uncertainty on the demand for the Company's products. Uncertainty, both in terms of revenue and costs, is exacerbated, in particular, by the ongoing war in Ukraine and the effect of inflation increasing prices or decreasing consumer demand.

The above profit forecast has been prepared on a basis that is comparable to historical financial information and is consistent with the Company's accounting policies.

The statements set forth above under "—Trend Information" and "—Profit Forecast" include forward-looking statements and are not guarantees of Koskisen's financial performance in the future. Koskisen's actual results and financial position could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "Certain Matters—Special Cautionary Notice Regarding Forward-looking Statements," "Risk Factors," and "—Key Factors Affecting Results of Operations" above. Koskisen cautions prospective investors not to place undue reliance on these forward-looking statements.

Explanations of Key Income Statement Items (IFRS)

Revenue

Revenue mainly comprises revenue from the sale of goods (*i.e.*, sawn timber and panel). Sawn timber sales include a broad range of different sawn goods and further processed sawn goods used extensively in the construction of buildings. Panel sales includes sales of plywood, thin plywood, chipboard/particle board and Kore products (*i.e.*, flooring components, lining components, wheel arch covers and accessories for light and heavy commercial vehicles). The majority of Koskisen's revenue is recognized at the point in time when customer obtains control of the goods based on the applicable delivery terms. Koskisen recognizes revenue from contracts with customers to the amount that it expects to receive from the customer adjusted for taxes. Any variable considerations, such as discounts, included in the customer contract are estimated and included in the revenue only to the extent that it is highly probable that no significant reversal in the amount of cumulative revenue recognized will not occur. The amount of variable consideration is estimated at the end of each reporting period.

Other Operating Income

Other operating income mainly comprises sales of emission allowances, firewood sales to forest owners, grants received, lease income, gains of disposal of property, plant and equipment, insurance claims as well as other income that is not directly related to the Company's ordinary business operations.

Changes in Inventories of Finished Goods and Work in Progress

Changes in inventories of finished goods and work in progress comprise changes in Koskisen's work in progress, changes in Koskisen's finished goods as well as inventory write-downs and reversal of write-downs.

Change in Fair Value of Forest Assets

Change in fair value of forest assets mainly comprises the gains or losses arising from changes in fair value of forest assets. The fair value of forest assets is calculated using the summation method, in which the values of the soil base, saplings and standing trees are valuated separately and the total value is adjusted based on the particular characteristics of the given forest.

Materials and Services

Materials and services mainly comprise purchases of materials and supplies, such as logs, coatings, glues, energy for production and other production materials, and external services, which comprise log harvesting, transportation and machinery repair services.

Employee Benefit Expenses

Employee benefit expenses mainly comprise wages and salaries, pension costs for defined contribution plans, social security costs and other long-term benefits which consist of the annual service allowance plan.

Depreciation, Amortization and Impairments

Depreciation, amortization and impairments mainly comprise depreciation, amortization and impairments that mainly relate to Koskisen's buildings and structures, machinery and equipment, other property, plant and equipment as well as intangible assets. Depreciation and amortization are recognized in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of property, plant and equipment and intangible assets. Right-of-use assets are depreciated over the shorter of the asset's useful life and lease term.

Other Operating Expenses

Other operating expenses mainly comprise costs related to sales freight, forwarding and shipping, expenses for property maintenance, IT expenses, administrative expenses, consulting and administrative services, personnel-related expenses, sales commissions, lease expenses and other expenses. Other expenses comprise, among others, travel, marketing and development costs.

Finance Costs, Net

Finance costs, net, mainly comprise finance income, which mainly consists of interest income, foreign currency gains on derivatives, foreign exchange gains, net gains on interest rate derivatives and other finance income, as well as finance expenses, which mainly consist of interest expenses from borrowings, interest expenses from lease liabilities, foreign currency losses on derivatives, net losses on interest rate derivatives, foreign exchange losses and other finance expenses, such as commitment fees for undrawn revolving credit facilities.

Income Tax Expense

Income tax expense mainly comprises current income tax based on the taxable income for the period and deferred tax expense. Under income tax expense, Koskisen presents current tax on result for the period, adjustments for current tax of prior periods, change in deferred tax assets and liabilities.

Impact of the Adoption of IFRS

Koskisen has prepared its first audited consolidated financial statements in accordance with IFRS as at and for the years ended December 31, 2021 and December 31, 2020. Koskisen's unaudited IFRS opening statement of financial position was prepared as at January 1, 2020, which is the group's date of transition to IFRS. The opening statement of financial position as at January 1, 2020, prepared in accordance with IFRS and for the Offering Circular shall be used for comparative purposes instead of the balance sheet information as at December 31, 2019, prepared in accordance with FAS. For periods up to and including the year ended December 31, 2021, Koskisen has prepared its statutory consolidated financial statements in accordance with FAS.

The main differences between the application of FAS and IFRS are related to the following factors:

- In the FAS financial statements, Koskisen has recognized costs for leases on a straight-line basis over the lease term and disclosed lease commitments as off-balance sheet commitments. In the IFRS financial statements, Koskisen recognizes a right-of-use asset and a lease liability in the balance sheet according to "*IFRS 16 – Leases*" for other than short-term leases or leases for which the underlying asset is of low value. The depreciation charge for right-of-use asset and the interest expense on lease liability are recognized as expense in the statement of comprehensive income.

- In the FAS financial statements, Koskisen had presented forest assets at historical revalued value as part of land and water areas. Under IFRS, forest assets are measured at fair value and presented as a separate line item in the consolidated balance sheet.

For more information on the impact of the adoption of IFRS, see note 25 to the IFRS Audited Consolidated Financial Statements incorporated by reference into this Offering Circular.

Results of Operations

The historical financial information presented below under "*—Comparison of the Nine Months Ended September 30, 2022 and 2021*" and "*—Comparison of the Years Ended December 31, 2021 and 2020*" has been derived from the Interim Consolidated Financial Information and the IFRS Audited Consolidated Financial Statements prepared in accordance with IFRS and the historical financial information presented below under "*—Comparison of the Years Ended December 31, 2020 and 2019*" has been derived from the FAS Audited Consolidated Financial Statements prepared in accordance with FAS. For information on the factors affecting comparability between historical financial information prepared in accordance with IFRS and historical financial information prepared in accordance with FAS, see "*—Impact of the Adoption of IFRS*" above. In addition, Koskisen's EBITDA, which is a key Alternative Performance Measure followed by Koskisen and which, according to Koskisen, describes the development of its results of operations during periods presented, is presented below under "*—Comparison of the Nine Months Ended September 30, 2022 and 2021*" and "*—Comparison of the Years Ended December 31, 2021 and 2020.*"

Comparison of the Nine Months Ended September 30, 2022 and 2021

The historical financial information presented in this section has been derived from the Interim Consolidated Financial Information prepared in accordance with IFRS. In addition, Koskisen's EBITDA, which is a key Alternative Performance Measure followed by Koskisen, is presented in this section.

The following table sets forth certain information on Koskisen's consolidated income statement for the periods indicated:

	For the nine months ended September 30,	
	2022	2021
	(IFRS) (unaudited) (EUR in thousands)	
Revenue	240,208	219,343
Other operating income	3,477	639
Changes in inventories of finished goods and work in progress	1,021	1,738
Change in fair value of forest assets	(7)	68
Materials and services	(120,642)	(121,111)
Employee benefit expenses	(34,193)	(32,868)
Depreciation, amortization and impairments	(6,116)	(6,350)
Other operating expenses	(33 425)	(28,501)
Operating profit (loss)	50,324	32,958
Finance costs, net	539	(3,826)
Profit (loss) before income tax	50,863	29,132
Income tax expense	(9,911)	(5,915)
Profit (loss) for the period	40,952	23,217
Profit (loss) for the period attributable to:		
Owners of the parent	34,725	18,156
Non-controlling interests	6,227	5,061
Profit (loss) for the period	40,952	23,217

Revenue

The following table sets forth Koskisen's revenue by segment for the periods indicated:

	For the nine months ended September 30,	
	2022	2021
	(IFRS) (unaudited) (EUR in thousands)	
Sawn Timber Industry business segment		
External revenue	129,960	127,556
Internal revenue	18,084	15,737
Total Sawn Timber Industry business segment	148,044	143,293
Panel Industry business segment		
External revenue	110,167	91,628
Internal revenue	1,873	2,380
Total Panel Industry business segment	112,040	94,008
Total business segments	260,084	237,301
Others		
External revenue	81	159
Internal revenue	423	370
Total Others	503	528
Elimination of internal sales	(20,380)	(18,486)
Total	240,208	219,343

The Sawn Timber Industry business segment's revenue for the nine months ended September 30, 2022, amounted to EUR 148,044 thousand, an increase of EUR 4,751 thousand, or 3.3 percent, as compared to EUR 143,293 thousand for the nine months ended September 30, 2021. The increase was primarily attributable to higher average sales prices compared to the comparison period, which was partially offset by lower sales volumes compared to the comparison period. Sales volumes for the three months ended September 30, 2022, were affected by a longer than usual sawmill maintenance break, in addition to which sawn timber prices decreased for the three months ended September 30, 2022.

The Panel Industry business segment's revenue for the nine months ended September 30, 2022, amounted to EUR 112,040 thousand, an increase of EUR 18,032 thousand, or 19.2 percent, as compared to EUR 94,008 thousand for the nine months ended September 30, 2021. The increase was primarily attributable to higher average prices compared to the comparison period and plywood's slightly higher sales volumes compared to the comparison period. The increase was partially offset by chipboard's slightly lower sales volume compared to the comparison period.

EBITDA

The following table sets forth Koskisen's EBITDA by segment for the periods indicated:

	For the nine months ended September 30,	
	2022	2021
	(IFRS) (unaudited) (EUR in thousands)	
Sawn Timber Industry	38,095	31,973
Panel Industry	19,902	11,059
Total segments	57,997	43,032
Other	(2,560)	(3,680)
Eliminations	1,003	(44)
Total	56,440	39,308

The Sawn Timber Industry business segment's EBITDA for the nine months ended September 30, 2022, amounted to EUR 38,095 thousand, an increase of EUR 6,122 thousand, or 19.1 percent, as compared to EUR 31,973 thousand for the nine months ended September 30, 2021. The increase was primarily attributable to the development of sawn timber market prices that was favorable for Koskisen. Sawn timber sales volumes decreased for the three months ended September 30, 2022, due to a longer than usual sawmill maintenance break, in addition to which sawn timber prices decreased for the three months ended September 30, 2022.

The Panel Industry business segment's EBITDA for the nine months ended September 30, 2022, amounted to EUR 19,902 thousand, an increase of EUR 8,843 thousand, or 80.0 percent, as compared to EUR 11,059 thousand for the nine months ended September 30, 2021. The increase was primarily attributable to the favorable price development of panel products and increased plywood sales volumes.

Other Operating Income

Koskisen's other operating income for the nine months ended September 30, 2022, amounted to EUR 3,477 thousand, an increase of EUR 2,838 thousand as compared to EUR 639 thousand for the nine months ended September 30, 2021. The increase was primarily attributable to the profit of EUR 2,209 thousand recorded from the sale of the Company's Russian subsidiary Koskisilva in the second quarter of 2022.

Changes in Inventories of Finished Goods and Work in Progress

Koskisen's changes in inventories of finished goods and work in progress for the nine months ended September 30, 2022, amounted to EUR 1,021 thousand, a decrease of EUR 717 thousand, or 41.2 percent, as compared to EUR 1,738 thousand for the nine months ended September 30, 2021. The decrease was primarily attributable to the decrease in sales prices in the Sawmill Industry business segment in the third quarter of 2022, which affected the value of inventories of finished goods and work in progress. The decrease was partially offset by the increase in the average sales prices in the Panel Industry business segment, which was reflected in particular in the increase in inventories of finished goods.

Change in Fair Value of Forest Assets

Koskisen's change in fair value of forest assets for the nine months ended September 30, 2022, amounted to negative EUR 7 thousand, a change of EUR 75 thousand as compared to positive EUR 68 thousand change in fair value of forest assets for the nine months ended September 30, 2021.

Materials and Services

Koskisen's materials and services for the nine months ended September 30, 2022, amounted to EUR 120,642 thousand, a decrease of EUR 469 thousand, or 0.4 percent, as compared to EUR 121,111 thousand for the nine months ended September 30, 2021.

Employee Benefit Expenses

Koskisen's employee benefit expenses for the nine months ended September 30, 2022, amounted to EUR 34,193 thousand, an increase of EUR 1,325 thousand, or 4.0 percent, as compared to EUR 32,868 thousand for the nine months ended September 30, 2021. The ratio of employee benefit expenses to revenue remained relatively at the same level compared to the ratio of employee benefit expenses in the comparison period to revenue in the comparison period.

Depreciation, Amortization and Impairments

Koskisen's depreciation, amortization and impairments for the nine months ended September 30, 2022, amounted to EUR 6,116 thousand, a decrease of EUR 235 thousand, or 3.7 percent, as compared to EUR 6,350 thousand for the nine months ended September 30, 2021. The decrease was primarily attributable to the decrease in the amount of depreciation of right-of-use assets.

Other Operating Expenses

Koskisen's other operating expenses for the nine months ended September 30, 2022, amounted to EUR 33,425 thousand, an increase of EUR 4,923 thousand, or 17.3 percent, as compared to EUR 28,501 thousand for the nine months ended September 30, 2021. The increase was primarily attributable to the preparation of the Listing, the Reorganization and costs of external services related to the adoption of IFRS.

Operating Profit/Loss

Koskisen's operating profit for the nine months ended September 30, 2022, amounted to EUR 50,324 thousand, an increase of EUR 17,366 thousand, or 52.7 percent, as compared to EUR 32,958 thousand for the nine months ended September 30, 2021. The increase was primarily attributable to increased revenue in the Sawmill Industry business segment and Panel Industry business segment. In addition, the assets received from the sale of the Company's Russian subsidiary Koskisilva in the second quarter of 2022 contributed to the increase.

Finance Costs, Net

Koskisen's finance costs, net, for the nine months ended September 30, 2022, amounted to positive EUR 539 thousand, a change of EUR 4,365 thousand as compared to negative EUR 3,826 thousand finance costs, net, for the nine months ended September 30, 2021. The change was primarily attributable to the increase in finance income, which was due to the positive market development in currency and interest rate hedges. The Company had a ruble-denominated forward contract related to the sale of Koskisilva, of which EUR 0.9 million was recorded as financial income for the nine months ended September 30, 2022.

Income Tax Expense

Koskisen's income tax expense for the nine months ended September 30, 2022, amounted to EUR 9,911 thousand, an increase of EUR 3,996 thousand, or 67.6 percent, as compared to EUR 5,915 thousand for the nine months ended September 30, 2021. The increase was primarily attributable to the increase in taxable income due to increased revenue.

Profit/Loss for the Period

Koskisen's profit for the period for the nine months ended September 30, 2022, amounted to EUR 40,952 thousand, an increase of EUR 17,735 thousand, or 76.4 percent, as compared to EUR 23,217 thousand for the nine months ended September 30, 2021. The increase was primarily attributable to increased revenue.

Comparison of the Years Ended December 31, 2021 and 2020

The historical financial information presented in this section has been derived from the IFRS Audited Consolidated Financial Statements prepared in accordance with IFRS. In addition, Koskisen's EBITDA, which is a key Alternative Performance Measure followed by Koskisen, is presented in this section.

The following table sets forth certain information on Koskisen's consolidated income statement for the years indicated:

	For the year ended December 31,	
	2021	2020
	(IFRS) (audited) (EUR in thousands)	
Revenue	311,464	219,957
Other operating income	912	938
Changes in inventories of finished goods and work in progress	(26)	(2,494)
Change in fair value of forest assets	91	(151)
Materials and services	(165,115)	(137,183)
Employee benefit expenses	(44,443)	(36,589)
Depreciation, amortization and impairments	(9,525)	(9,107)
Other operating expenses	(40,648)	(33,139)
Operating profit (loss)	52,711	2,233
Finance costs, net	(4,767)	(6,593)
Profit (loss) before income tax	47,944	(4,360)
Income tax expense	(9,398)	381
Profit (loss) for the period	38,546	(3,979)
Profit (loss) for the period attributable to:		
Owners of the parent	29,240	(3,278)
Non-controlling interests	9,306	(701)
Profit (loss) for the period	38,546	(3,979)

Revenue

The following table sets forth Koskisen's revenue by segment for the years indicated:

	For the year ended December 31,	
	2021	2020
	(IFRS) (audited) (EUR in thousands)	
Sawn Timber Industry business segment		
External revenue	187,980	120,051
Internal revenue	22,114	15,423
Total Sawn Timber Industry business segment	210,094	135,474
Panel Industry business segment		
External revenue	123,281	99,781
Internal revenue	3,290	2,273
Total Panel Industry business segment	126,571	102,053
Total business segments	336,665	237,527
Others		
External revenue	204	125
Internal revenue	525	455
Total Others	729	580
Elimination of internal sales	(25,930)	(18,150)
Total	311,464	219,957

The Sawn Timber Industry business segment's revenue for the year ended December 31, 2021, amounted to EUR 210,094 thousand, an increase of EUR 74,620 thousand, or 55.1 percent, as compared to EUR 135,474 thousand for the year ended December 31, 2020. The increase was primarily attributable to increased sales volumes as well as price increases for the Sawn Timber Industry business segment's products during the first three quarters of 2021, which was partially offset by moderate price decreases during the fourth quarter of 2021 although demand remained strong. The increase was supported by a four-week-long support strike that Koskisen experienced in February 2020, which resulted in lower production and sales volumes, as well as a slowdown in demand at the beginning of the COVID-19 pandemic in 2020, which adversely affected revenue during the first half of 2020.

The Panel Industry business segment's revenue for the year ended December 31, 2021, amounted to EUR 126,571 thousand, an increase of EUR 24,518 thousand, or 24.0 percent, as compared to EUR 102,053 thousand for the year ended December 31, 2020. The increase was primarily attributable to strong sales volumes of plywood and chipboard products as well as price increases for chipboard products, particularly during the second half of 2021, resulting primarily from increases in the costs of certain raw materials, such as chemicals. The increase was supported by a four-week-long support strike that Koskisen experienced in February 2020, which resulted in lower production and sales volumes, as well as a considerable reduction in sales volumes, particularly in Koskisen's key markets in Central and Eastern Europe, due to lockdowns related to the COVID-19 pandemic, which adversely affected revenue for plywood in 2020 and chipboard in the summer 2020.

EBITDA

The following table sets forth Koskisen's EBITDA by segment for the financial years indicated:

	For the year ended December 31,	
	2021	2020
	(IFRS) (audited) (EUR in thousands)	
Sawn Timber Industry	50,652	2,630
Panel Industry	14,063	8,752
Total segments	64,715	11,382
Other	(2,413)	(33)
Eliminations	(66)	(10)
Total	62,236	11,340

The Sawn Timber Industry business segment's EBITDA for the year ended December 31, 2021, amounted to EUR 50,652 thousand, an increase of EUR 48,022 thousand as compared to EUR 2,630 thousand for year ended December 31, 2020. The increase was primarily attributable to increased sawn timber sales prices, in addition to which sawn timber sales volumes increased compared to the level for the year ended December 31, 2020.

The Panel Industry business segment's EBITDA for the year ended December 31, 2021, amounted to EUR 14,063 thousand, an increase of EUR 5,311 thousand, or 60.7 percent, as compared to EUR 8,752 thousand for the year ended December 31, 2020. The increase was primarily attributable to increased sales volumes.

Other Operating Income

Koskisen's other operating income for the year ended December 31, 2021, amounted to EUR 912 thousand, a decrease of EUR 26 thousand, or 2.7 percent, as compared to EUR 938 thousand for the year ended December 31, 2020.

Changes in Inventories of Finished Goods and Work in Progress

Koskisen's changes in inventories of finished goods and work in progress for the year ended December 31, 2021, amounted to negative EUR 26 thousand, a change of EUR 2,468 thousand, or 99.0 percent, as compared to negative EUR 2,494 thousand for the year ended December 31, 2020. The change was primarily attributable to strong sales volumes in 2021 enabling Koskisen to sell most of its production, whereas the higher plywood production volumes contributed to increased inventories in 2019.

Change in Fair Value of Forest Assets

Koskisen's change in fair value of forest assets for the year ended December 31, 2021, amounted to EUR 91 thousand, a change of EUR 242 thousand, as compared to negative EUR 151 thousand for the year ended December 31, 2020.

Materials and Services

Koskisen's materials and services for the year ended December 31, 2021, amounted to EUR 165,115 thousand, an increase of EUR 27,932 thousand, or 20.4 percent, as compared to EUR 137,183 thousand for the year ended December 31, 2020. The increase was primarily attributable to increased production and sales volumes. Increases in the costs of raw materials, especially chemicals and raw wood materials, also contributed to the increase.

Employee Benefit Expenses

Koskisen's employee benefit expenses for the year ended December 31, 2021, amounted to EUR 44,443 thousand, an increase of EUR 7,854 thousand, or 21.5 percent, as compared to EUR 36,589 thousand for the year ended December 31, 2020. The increase was primarily attributable to normal annual salary increases, the higher number of working hours in 2021 due to a four-week-long support strike that Koskisen experienced in February 2020 as well as higher product demand in 2021, which resulted in higher production capacity utilization and, therefore, more hours worked. Koskisen's stronger financial performance in 2021 also resulted in higher incentive payments to employees.

Depreciation, Amortization and Impairments

Koskisen's depreciation, amortization and impairments for the year ended December 31, 2021, amounted to EUR 9,525 thousand, an increase of EUR 418 thousand, or 4.6 percent, as compared to EUR 9,107 thousand for the year ended December 31, 2020. The increase was primarily attributable to investment activities and depreciation related to Koskisen's normal business operations. In addition, accelerated depreciation recognized for the old sawline at the Tehdastie site in Järvelä, Finland, whose production will be transferred to the Tarhanmäki site in Järvelä, Finland, in stages by the beginning of 2024 and a warehouse building at the Tarhanmäki site in Järvelä, Finland, as well as an impairment for renovation costs recognized for a bio-boiler in Hirvensalmi, Finland, contributed to the increase.

Other Operating Expenses

Koskisen's other operating expenses for the year ended December 31, 2021, amounted to EUR 40,648 thousand, an increase of EUR 7,509 thousand, or 22.7 percent, as compared to EUR 33,139 thousand for the year ended December 31, 2020. The increase was primarily attributable to higher sales volumes as well as increased freight costs, in particular related to sea container freight.

Operating Profit/Loss

Koskisen's operating profit for the year ended December 31, 2021, amounted to EUR 52,711 thousand, an increase of EUR 50,478 thousand, as compared to EUR 2,233 thousand for the year ended December 31, 2020. The increase was primarily attributable to revenue growth for the Sawn Timber Industry business segment. Revenue growth for the Panel Industry business segment as well as the impact of COVID-19 and the four-week-long support strike that Koskisen experienced in February 2020, which affected Koskisen's operating profit in 2020, also contributed to the increase.

Finance Costs, Net

Koskisen's finance costs, net, for the year ended December 31, 2021, amounted to EUR 4,767 thousand, a decrease of EUR 1,826 thousand, or 27.7 percent, as compared to EUR 6,593 thousand for the year ended December 31, 2020. The decrease was primarily attributable to the renewal of Koskisen's financing arrangements in October 2021, which resulted in more favorable terms of financing for Koskisen. In addition, foreign exchange gains and losses were more favorable in 2021 as compared to 2020, which contributed to the decrease. In addition, the positive change in the fair value of interest rate derivatives contributed to the decrease.

Income Tax Expense

Koskisen's income tax expense for the year ended December 31, 2021, amounted to EUR 9,398 thousand, a change of EUR 9,780 thousand, as compared to income tax income of EUR 381 thousand for the year ended December 31, 2020. The change was primarily attributable to the increase in profit for the period before income tax.

Profit/Loss for the Period

Koskisen's profit for the period for the year ended December 31, 2021, amounted to EUR 38,546 thousand, a change of EUR 42,525 thousand, as compared to a loss for the period of EUR 3,979 thousand for the year ended December 31, 2020.

Comparison of the Years Ended December 31, 2020 and 2019

The historical financial information presented in this section has been derived from the FAS Audited Consolidated Financial Statements prepared in accordance with FAS.

The following table sets forth certain information on Koskisen's consolidated income statement for the years indicated:

	For the year ended December 31,	
	2020	**2019**
	(FAS) **(audited)** **(EUR in thousands)**	
Revenue	219,957	264,162
Variation in stocks of finished goods and work in progress	(2,303)	(1,409)
Work performed by the entity and capitalized	10	30
Other operating income	938	1,444
Materials and services	(137,193)	(162,220)
Personnel expenses	(36,320)	(47,053)
Depreciation, amortization and impairments	(6,201)	(8,059)
Other operating expenses	(37,170)	(43,680)
Operating profit (loss)	1,717	3,213
Financing income and expenses	(3,849)	(4,022)
Profit (loss) before taxes	(2,131)	(809)
Income taxes	(293)	(189)
Minority interest	455	(40)
Profit (loss) for the period	(1,970)	(1,038)

Revenue

The Koskisen's revenue for the year ended December 31, 2020, amounted to EUR 219,957 thousand, a decrease of EUR 44,205 thousand, or 16.7 percent, as compared to EUR 264,162 thousand for the year ended December 31, 2019. The decrease was primarily attributable to the divestment of the House Industry business in July 2019 and a four-week-long support strike that Koskisen experienced in February 2020, which resulted in lower production and sales volumes. In addition, the transitioning of Koskisen's plywood production in Järvelä, Finland, in the end of 2019 from seven days per week to five days per week; the considerable reduction in customer orders, particularly in Koskisen's key markets in Central and Eastern Europe, due to lockdowns related to the COVID-19 pandemic, which adversely affected revenue for plywood in 2020 and chipboard in the summer 2020; and lower average sales price for the Panel Industry business segment contributed to the decrease. The decrease in Koskisen's revenue for the year ended December 31, 2020, was partially offset by the moderately positive development of average sales prices for the Sawn Timber Industry business segment in 2020. For the year ended December 31, 2019, the House Industry business', which was sold in July 2019, revenue amounted to EUR 8,732 thousand.

Variation in Stocks of Finished Goods and Work in Progress

Koskisen's variation in stocks of finished goods and work in progress for the year ended December 31, 2020, amounted to negative EUR 2,303 thousand, a change of EUR 893 thousand, or 63.4 percent, as compared to negative EUR 1,409 thousand for the year ended December 31, 2019. The change was primarily attributable to reduced inventories due to both a four-week-long support strike that Koskisen experienced in February 2020, which resulted in lower production volumes, and the transitioning of Koskisen's plywood production in Järvelä, Finland, in the end of 2019 from seven days per week to five days per week, thus better balancing the production with the market demand resulting in less inventories.

Other Operating Income

Koskisen's other operating income for the year ended December 31, 2020, amounted to EUR 938 thousand, a decrease of EUR 506 thousand, or 35.0 percent, as compared to EUR 1,444 thousand for the year ended December 31, 2019.

Materials and Services

Koskisen's materials and services for the year ended December 31, 2020, amounted to EUR 137,193 thousand, a decrease of EUR 25,027 thousand, or 15.4 percent, as compared to EUR 162,220 thousand for the year ended December 31, 2019. The decrease was primarily attributable to decreased sales volumes resulting mainly from the lost production during a four-week-long support strike that Koskisen experienced in February 2020 and the transitioning of Koskisen's plywood production in Järvelä, Finland, in the end of 2019 from seven days per week to five days per week. The considerable reduction in sales volumes, particularly in Koskisen's key markets in Central and Eastern Europe due to lockdowns related to the COVID-19 pandemic, also contributed to the decrease.

Personnel Expenses

Koskisen's personnel expenses for the year ended December 31, 2020, amounted to EUR 36,320 thousand, a decrease of EUR 10,733 thousand, or 22.8 percent, as compared to EUR 47,053 thousand for the year ended December 31, 2019. The decrease was primarily attributable to a four-week-long support strike that Koskisen experienced in February 2020 and the transitioning of Koskisen's plywood production in Järvelä, Finland, in the end of 2019 from seven days per week to five days per week. In addition, restructuring costs related to changes in the organization of the Panel Industry business segment incurred in 2019 contributed to the decrease.

Depreciation, Amortization and Impairments

Koskisen's depreciation, amortization and impairments for the year ended December 31, 2020, amounted to EUR 6,201 thousand, a decrease of EUR 1,858 thousand, or 23.1 percent, as compared to EUR 8,059 thousand for the year ended December 31, 2019. The decrease was primarily attributable to nonrecurring write-downs of EUR 1,222 thousand in total in 2019 relating to the divestment of the House Industry business, the write-off of asset values in Hirvensalmi, Finland, and Runkoasema in Järvelä, Finland, as compared to no nonrecurring write-downs in 2020.

Other Operating Expenses

Koskisen's other operating expenses for the year ended December 31, 2020, amounted to EUR 37,170 thousand, a decrease of EUR 6,510 thousand, or 14.9 percent, as compared to EUR 43,680 thousand for the year ended December 31, 2019. The decrease was primarily attributable to nonrecurring operating expenses recorded in 2019 related to the divestment of the House Industry business (EUR 1,735 thousand in total), write-offs of trade receivables and loan interests not received from a company that was later declared bankrupt and that Koskisen had invested in (EUR 277 thousand in total) as well as organizational restructuring projects. There were no significant items affecting comparability recorded in 2020.

Operating Profit

Koskisen's operating profit for the year ended December 31, 2020, amounted to EUR 1,717 thousand, a decrease of EUR 1,496 thousand, or 46.6 percent, as compared to EUR 3,213 thousand for the year ended December 31, 2019. The decrease was primarily attributable to a four-week-long support strike that Koskisen experienced in February 2020 and the negative effects of the COVID-19 pandemic particularly on the Panel Industry business segment.

Financing Income and Expenses

Koskisen's financing income and expenses for the year ended December 31, 2020, amounted to financing expenses of EUR 3,849 thousand, a decrease of EUR 174 thousand, or 4.3 percent, as compared to EUR 4,022 thousand for the year ended December 31, 2019. The decrease was primarily attributable to the maturing of certain unfavorable interest rate swaps in 2020 and nonrecurring financing costs of EUR 400 thousand recorded in 2019, as a result of write-offs of shares and capital loans granted to a company that was later declared bankrupt and that Koskisen had invested in.

Income Taxes

Koskisen's income taxes for the year ended December 31, 2020, amounted to EUR 293 thousand, an increase of EUR 104 thousand, or 55.1 percent, as compared to EUR 189 thousand for the year ended December 31, 2019.

Profit (Loss) for the Period

Koskisen's loss for the period for the year ended December 31, 2020, amounted to EUR 1,970 thousand, an increase of EUR 932 thousand, or 89.8 percent, as compared to EUR 1,038 thousand for the year ended December 31, 2019. The increase was primarily attributable to a four-week-long support strike that Koskisen experienced in February 2020 and the negative effects of the COVID-19 pandemic, particularly on the Panel Industry business segment.

Liquidity and Capital Resources

Historically, Koskisen's principal source of liquidity has been cash flow from operations and, when necessary, external financing. Koskisen's liquidity requirements principally arise from regular operating expenses, working capital financing, investment costs, interest costs and scheduled loan repayments. See also "—*Financial Liabilities and Their Maturities*" below and "*Related Party Transactions*."

As at September 30, 2022, Koskisen's cash and cash equivalents (including borrowings and trade payables under the payment system) amounted to EUR 36,447 thousand and total interest-bearing liabilities amounted to EUR 38,220 thousand. As at the date of this Offering Circular, Koskisen has available EUR 37,364 thousand of undrawn committed borrowing facilities.

Cash Flows

The following table sets forth a summary of Koskisen's cash flow data as at the dates and for the periods indicated:

	As at and for the nine months ended September 30,		As at and for the year ended December 31,			
	2022	2021	2021	2020	2020	2019
	(IFRS)				(FAS)[1]	
	(unaudited)		(audited)			
	(EUR in thousands)					
Net cash flows from operating activities	30,470	27,522	48,836	4,160	2,382	21,147
Net cash flows from investing activities	(13,432)	(8,140)	(19,622)	(3,724)	(3,939)	(4,825)
Net cash flows from financing activities	(11,800)	(3,736)	(6,291)	(5,093)	(3,000)	(4,500)
Net change in cash and cash equivalents	5,239	15,646	22,923	(4,658)	(4,557)	11,822
Cash and cash equivalents at the beginning of the period	30,538	7,881	7,881	12,469	12,469	649
Net foreign exchange differences	671	(189)	(265)	69	(31)	(2)
Cash and cash equivalents at the end of the period	36,447	23,338	30,538	7,881	7,881	12,469

(1) The most significant differences between Koskisen's consolidated cash flow statement prepared in accordance with IFRS to its consolidated cash flow statement prepared in accordance with FAS relate to "*IFRS 16 – Leases*."

Net Cash Flows from Operating Activities

Koskisen's net cash flows from operating activities (IFRS) for the nine months ended September 30, 2022, amounted to EUR 30,470 thousand, an increase of EUR 2,948 thousand, or 10.7 percent, as compared to net cash flows from operating activities of EUR 27,522 thousand for the nine months ended September 30, 2021. The increase in net cash flows from operating activities was primarily attributable to the increase in the profit for the period, which was partially offset by the payment of 2021 taxes in 2022, and the payment of accrued interest of the Capital Loans in 2022.

Koskisen's net cash flows from operating activities (IFRS) for the year ended December 31, 2021, amounted to EUR 48,836 thousand, an increase of EUR 44,677 thousand, as compared to net cash flows from operating activities of EUR 4,160 thousand for the year ended December 31, 2020. The increase in net cash flows from operating activities was primarily attributable to the increase in profit for the period, primarily for the Sawn Timber Industry business segment. In addition, the improvement in operational performance for the Panel Industry business segment contributed to the increase.

Koskisen's net cash flows from operating activities (FAS) for the year ended December 31, 2020, amounted to EUR 2,382 thousand, a decrease of EUR 18,765 thousand, or 88.7 percent, as compared to net cash flows from operating activities of EUR 21,147 thousand for the year ended December 31, 2019. The decrease in net cash flows from operating activities was attributable to the increase in the loss for the year, as discussed under "*—Comparison of the Years Ended December 31, 2020 and 2019—Profit (Loss) for the Period*" above. In addition, an increase in Koskisen's net working capital resulting from the strong demand for products in the Sawmill Industry business segment, the closure of unprofitable businesses and the sale of non-core businesses contributed to the decrease in net cash flows from operating activities.

Net Cash Flows from Investing Activities

Koskisen's net cash flows used in investing activities (IFRS) for the nine months ended September 30, 2022, EUR 13,432 thousand, an increase of EUR 5,292 thousand, or 65.0 percent, as compared to net cash flows used in investing activities of EUR 8,140 thousand for the nine months ended September 30, 2021. The increase in net cash flows used in investing activities was primarily attributable to primarily attributable to the investment in the New Järvelä Unit, which was partially offset by the assets received from the sale of the Company's Russian subsidiary Koskisilva in the second quarter of 2022.

Koskisen's net cash flows used in investing activities (IFRS) for the year ended December 31, 2021, amounted to EUR 19,622 thousand, an increase of EUR 15,898 thousand, as compared to net cash flows used in investing activities of EUR 3,724 thousand for the year ended December 31, 2020. The increase was primarily attributable to investments in a short-term interest rate fund as part of Koskisen's excess liquidity management activities. In addition, investments in the New Järvelä Unit, in 2021 contributed to the increase.

Koskisen's net cash flows used in investing activities (FAS) for the year ended December 31, 2020, amounted to EUR 3,939 thousand, a decrease of EUR 886 thousand, or 18.4 percent, as compared to net cash flows used in investing activities of EUR 4,825 thousand for the year ended December 31, 2019. The decrease in net cash flows used in investing activities was primarily attributable to a lower level of investments and the impact of increased market uncertainty, in particular caused by the COVID-19 pandemic, on investment decisions.

Net Cash Flows from Financing Activities

Koskisen's net cash flows used in financing activities (IFRS) for the nine months ended September 30, 2022, amounted to EUR 11,800 thousand, an increase of EUR 8,064 thousand as compared to net cash flows used in financing activities of EUR 3,736 thousand for the nine months ended September 30, 2021. The increase in net cash flows used in financing activities was primarily attributable to the additional loan repayment of EUR 14,000 thousand made on April 14, 2022 in connection with the conclusion of the Facilities Agreement, which was partially offset by the sale of Pilke Energia, as a result of which Koskinen was paid a compensation of EUR 3,000 thousand on July 1, 2022.

Koskisen's net cash flows used in financing activities (IFRS) for the year ended December 31, 2021, amounted to EUR 6,291 thousand, an increase of EUR 1,198 thousand, or 23.5 percent, as compared to net cash flows used in financing activities of EUR 5,093 thousand for the year ended December 31, 2020. The increase in net cash flows used in financing activities was primarily attributable to an increase in lease liabilities, primarily related to the Bio8 boiler, and costs related to the renewal of Koskisen's financing arrangements in October 2021. The increase was partially offset by lower financing costs related to outstanding loans.

Koskisen's net cash flows used in financing activities (FAS) for the year ended December 31, 2020, amounted to EUR 3,000 thousand, a decrease of EUR 1,500 thousand, or 33.3 percent, as compared to net cash flows used in financing activities of EUR 4,500 thousand for the year ended December 31, 2019. The decrease in net cash flows used in financing activities was primarily attributable to a temporary reduction in loan repayments due to precautionary measures taken in relation to the COVID-19 pandemic.

Financial Liabilities and Their Maturities

The following tables set forth Koskisen's financial liabilities and their maturities as at the dates indicated:

	As at September 30, 2022							
	2022	2023	2024	2025	2026	2027 or later	Total contractual cash flow	Carrying amount
				(IFRS) (unaudited) (EUR in thousands)				
Loans from financial institutions(1)	2,206	4,999	5,402	5,298	10,563	–	28,468	23,696
Capital Loans(1)	243	7,231	–	–	–	–	7,473	7,206
Lease liabilities	1,171	4,022	3,766	3,380	2,811	30,736	45,886	28,804
Derivative liabilities	368	114	–	–	–	–	483	483
Trade payables	27,671	–	–	–	–	–	27,671	27,671
Trade payables, payment system(2)	7,318	–	–	–	–	–	7,318	7,318
Total	38,977	16,365	9,168	8,678	13,374	30,736	117,299	95,178

(1) Included in the item "Borrowings" on Koskisen's consolidated balance sheet as at September 30, 2022.
(2) Although the trade payables under the payment system are payable on demand, the Company expects that the payment-system-related cash flows will materialize evenly over the coming years and, at the latest, in 2025.

	As at December 31, 2021							
	2021	2022	2023	2024	2025	2026 or later	Total contractual cash flow	Carrying amount
				(IFRS) (audited) (EUR in thousands)				
Loans from financial institutions(1)	5,216	6,045	6,119	29,825	–	–	47,206	32,695
Capital Loans(1)	–	–	–	14,241	–	–	14,241	12,136
Lease liabilities	4,249	3,699	3,505	3,272	2,783	30,728	48,238	29,732
Derivative liabilities	750	500	350	100	–	–	1,700	1,765
Trade payables	28,792	–	–	–	–	–	28,792	28,792
Trade payables, payment system(2)	6,604	–	–	–	–	–	6,604	6,604
Total	45,611	10,245	9,974	47,439	2,783	30,728	146,780	111,724

(1) Included in the item "Borrowings" on Koskisen's consolidated balance sheet as at December 31, 2021.
(2) Although the trade payables under the payment system are payable on demand, the Company expects that the payment-system-related cash flows will materialize evenly over the coming years and, at the latest, in 2024.

Koskisen's financial liabilities as at September 30, 2022, comprise loans from financial institutions (*i.e.*, the Facilities Agreement and Exportkredit Loan (as defined below)), Capital Loans (as defined below) from its shareholders, lease liabilities primarily related to its leases of real estate (*e.g.*, power plants, offices, warehouses and land areas), production machinery and equipment, cars and other machinery and equipment (*e.g.*, IT equipment), derivative liabilities primarily related to the negative market value of derivative instruments, trade payables related to unpaid goods and services provided to Koskisen and payment system trade payables related to deposits paid in connection with KoskiRaha.

Koskisen finances the investment in the New Järvelä Unit with the Facilities Agreement, a financing agreement entered into between Koskisen and AB Svensk Exportkredit ("**Exportkredit**") on July 21, 2021 (the "**Exportkredit Loan**"), a financing agreement entered into with Koskisen and Hekotek AS on October 21, 2021 (the "**Hekotek Loan**"), revolving finance facilities agreed under the leasing contracts entered into between Koskisen and Siemens Financial Services AB, sivuliike Suomessa, on October 13, 2021, and October 14, 2021 (the "**Siemens Loan**"), as well as cash generated from operating activities. The Exportkredit Loan is EUR 13.5 million and its interest rate consists of a six-month Euribor rate and a fixed margin. The Exportkredit Loan will be repaid in 14 equal installments starting after six months from receiving the project related to the financing (*i.e.*, the stick-stacking machine and the green sorting line), or on August 15, 2024, at the latest. The final repayment will be made on February 15, 2031, at the latest. The Hekotek Loan is EUR 6.6 million and its interest rate consists of a six-month Euribor rate and a fixed margin. The Hekotek loan will be repaid starting from September 30, 2024, the final repayment being made on March 31, 2029. The capital of the Siemens loan is EUR 6.1 million and the rent according to the contract is EUR 75 thousand per month at the beginning of the lease period, the lease period being 90 months after accepting the delivery of the leasing object. As at September 30, 2022, Koskisen's consolidated balance sheet included a total of EUR 3,836 thousand of the Exportkredit Loan, which had been drawn during the nine months ended September 30, 2022. This withdrawal of the Exportkredit Loan did not have a cash flow effect, as Exportkredit made the payment directly to the supplier of the project related to the financing. In addition, the Exportkredit Loan included in Koskisen's consolidated balance sheet as at September 30, 2022, includes a premium related to the guarantee of the loan paid by Exportkredit on behalf of Koskisen, which Koskisen will pay back to Exportkredit as part of the loan repayments. By September 30, 2022, Koskisen had not withdrawn the Hekotek Loan and as at September 30, 2022, the Siemens Loan was not yet in use.

Facilities Agreement

On April 14, 2022, Koskisen entered into the Facilities Agreement with Nordea, Elo, Finnvera and Ilmarinen. The Facilities Agreement provides for three facilities, a EUR 19 million term facility with which certain existing external debt was refinanced, a EUR 10 million term facility for the purposes of financing the New Järvelä Unit, and a EUR 8 million revolving credit facility for the purposes of financing general working capital requirements of the Group. The maturity of the Facilities Agreement is four years. Koskisen's consolidated balance sheet as at September 30, 2022, included a total of EUR 19,856 thousand of loans under the Facilities Agreement. As at the date of this Offering Circular, the revolving credit facility is completely undrawn.

The Facilities Agreement includes customary financial covenants, event of default provisions as well as representations and warranties. Financial covenants to be complied with after the Listing (and after satisfying certain conditions related to the Listing) are equity ratio and net debt/EBITDA ratio. The financial covenants are evaluated semi-annually for the previous 12 months. After the Listing, Koskisen's equity ratio must be no less than 30 percent for each 12-month period and Koskisen's leverage may not exceed 3.5:1 for any 12-month period. The financial covenants are calculated from the financial information of the Koskinen group prepared in accordance with FAS. The interest rate of the Facilities Agreement consist of a six-month Euribor rate and either a fixed margin or a margin tied to financial covenants.

Capital Loans

Certain Koskisen's shareholders have financed Koskisen's business operations by granting capital loans to Koskisen (the "**Capital Loans**") that amounted to a total of EUR 7.2 million (including accrued unpaid interest) as at September 30, 2022 (EUR 12.1 million as at December 31, 2021, EUR 11.5 million as at December 31, 2020, and EUR 10.9 million as at December 31, 2019). The Capital Loans have an annual interest of seven percent. For the nine months ended September 30, 2022, Koskisen paid EUR 5.5 million of accrued unpaid interest on the Capital Loans. The Capital Loans can be repaid and the accrued interest paid only to the extent that the total amount of all capital loans and the Company's unrestricted equity at the time of the payment exceeds the Company's confirmed loss for the previous financial year. The Capital Loans can only be repaid and the accrued interest paid in the event of the Company's liquidation or bankruptcy with a lower priority than all other ordinary debts. The Company expects to repay the Capital Loans and accrued interest in one instalment as soon as possible after the contemplated Listing within the limits permitted by the Finnish Companies Act.

Balance Sheet Data

The historical financial information presented in this section has been derived from the Interim Consolidated Financial Information and the IFRS Audited Consolidated Financial Statements prepared in accordance with IFRS.

The following table sets forth certain historical consolidated balance sheet data for Koskisen as at the dates indicated:

	As at September 30, 2022	As at December 31, 2021	2020	2019[(1)]
	(unaudited)	(IFRS) (audited)		(unaudited)
		(EUR in thousands)		
Assets				
Total non-current assets	100,556	86,783	85,703	85,503
Total current assets	119,589	113,523	66,073	69,671
Total assets	220,145	200,306	151,776	155,174
Equity and liabilities				
Equity				
Total equity	100,339	58,820	20,404	24,625
Liabilities				
Total non-current liabilities	53,486	75,693	82,404	79,027
Total current liabilities	66,320	65,792	48,969	51,523
Total liabilities	119,806	141,486	131,373	130,550
Total equity and liabilities	220,145	200,306	151,776	155,174

(1) Koskisen's consolidated balance sheet information as at December 31, 2019, equals the unaudited opening statement of financial position as at January 1, 2020, prepared in connection with the adoption of IFRS. For more information on the impacts of the adoption of IFRS, see "*—Impact of the Adoption of IFRS*" above and note 25 to the IFRS Audited Consolidated Financial Statements incorporated by reference into this Offering Circular.

Assets

Koskisen's non-current assets mainly consist of fixed assets items and fixed assets, which primarily comprise production facilities, machinery and equipment, real estate (land), advance payments and construction in progress as well as other tangible assets, forest assets and leases, while current assets primarily comprise inventories, trade and other receivables and liquid assets.

Non-current Assets

As at September 30, 2022, Koskisen's total non-current assets amounted to EUR 100,556 thousand, an increase of EUR 13,773 thousand, or 15.9 percent, as compared to EUR 86,783 thousand as at December 31, 2021. The increase was primarily attributable to the increase of fixed assets in progress due to the progress of the investment in the New Järvelä

Unit. The increase was partially offset by growth in the unfinished assets due to the progress of the investment in the new unit of the new unit of the system.

As at December 31, 2021, Koskisen's total non-current assets amounted to EUR 86,783 thousand, an increase of EUR 1,080 thousand, or 1.3 percent, as compared to EUR 85,703 thousand as at December 31, 2020. The increase was primarily attributable to investments in the New Järvelä Unit, and Koskisen's normal business activities. The increase was partially offset by normal annual depreciations.

As at December 31, 2020, Koskisen's total non-current assets amounted to EUR 85,703 thousand, an increase of EUR 200 thousand, or 0.2 percent, as compared to EUR 85,503 thousand as at December 31, 2019.

Current Assets

As at September 30, 2022, Koskisen's total current assets amounted to EUR 119,589 thousand, an increase of EUR 6,066 thousand, or 5.3 percent, as compared to EUR 113,523 thousand as at December 31, 2021. The increase was primarily attributable to the increase in cash and cash equivalents.

As at December 31, 2021, Koskisen's total current assets amounted to EUR 113,523 thousand, an increase of EUR 47,450 thousand, or 71.8 percent, as compared to EUR 66,073 thousand as at December 31, 2020. The increase was primarily attributable to increases in trade receivables, primarily driven by higher market prices particularly for sawn timber, higher raw material inventories and inventories of finished products related to increases in the costs of raw materials, such as wood, resin and coatings. An increase in cash and cash equivalents also contributed to the increase.

As at December 31, 2020, Koskisen's total current assets amounted to EUR 66,073 thousand, a decrease of EUR 3,598 thousand, or 5.2 percent, as compared to EUR 69,671 thousand as at December 31, 2019. The decrease was primarily attributable to a decrease in cash and cash equivalents due to weak cash flows from operating activities, which were not sufficient to cover, for example, loan repayments, interest costs and capital expenditure. The decrease was partially offset by an increase in other current receivables.

Equity and Liabilities

Equity

As at September 30, 2022, Koskisen's total equity amounted to EUR 100,339 thousand, an increase of EUR 41,519 thousand, or 70.6 percent, as compared to EUR 58,820 thousand as at December 31, 2021. The increase was primarily attributable to the share issues related to the Reorganization and the Pre-IPO Personnel Offering, which was recorded in the reserve for invested unrestricted equity. In addition, the result for the nine months ended September 30, 2022, contributed to the increase in total equity. The increase in total equity was partially offset by the decrease in retained earnings related to the Reorganization, for which the difference between the book value of non-controlling interests and the fair value of non-controlling interests recorded in the reserve for invested unrestricted equity was recorded in retained earnings.

As at December 31, 2021, Koskisen's total equity amounted to EUR 58,820 thousand, an increase of EUR 38,416 thousand, as compared to EUR 20,404 thousand as at December 31, 2020. The increase was primarily attributable to the increase in profit for the year for 2021 as compared to 2020.

As at December 31, 2020, Koskisen's total equity amounted to EUR 20,404 thousand, a decrease of EUR 4,221 thousand, or 17.1 percent, as compared to EUR 24,625 thousand as at December 31, 2019. The decrease was primarily attributable to an increase in loss for the year for 2020 as compared to 2019.

Non-current Liabilities

As at September 30, 2022, Koskisen's total non-current liabilities amounted to EUR 53,486 thousand, a decrease of EUR 22,207 thousand, or 29.3 percent, as compared to EUR 75,693 thousand as at December 31, 2021. The decrease was primarily attributable to the additional loan repayment of EUR 14,000 thousand made on April 22, 2022, in connection with the conclusion of the Facilities Agreement and the transfer of the installments of the next 12 months of the lease liabilities to current liabilities. In addition, the payment of EUR 5,539 thousand interest of the Capital Loans on June and July 2022, contributed to the decrease in total non-current liabilities. The decrease in total non-current liabilities was partially offset by the increase in deferred tax liabilities.

As at December 31, 2021, Koskisen's total non-current liabilities amounted to EUR 75,693 thousand, a decrease of EUR 6,711 thousand, or 8.1 percent, as compared to EUR 82,404 thousand as at December 31, 2020. The decrease was primarily attributable to the transfer of the installments of the loans and lease liabilities for the next financial year to current liabilities.

As at December 31, 2020, Koskisen's total non-current liabilities amounted to EUR 82,404 thousand, an increase of EUR 3,377 thousand, or 4.3 percent, as compared to EUR 79,027 thousand as at December 31, 2019. The increase was primarily attributable to increase in lease liabilities and other payables. The increase was partially offset by a decrease in deferred tax liabilities.

Current Liabilities

As at September 30, 2022, Koskisen's total current liabilities amounted to EUR 66,320 thousand, an increase of EUR 527 thousand, or 0.8 percent, as compared to EUR 65,792 thousand as at December 31, 2021. The increase was primarily attributable to the increase in the current share of the loans. In addition, an increase in other liabilities contributed to the increase in total current liabilities. The increase in total current liabilities was partially offset by the decrease in trade payables.

As at December 31, 2021, Koskisen's total current liabilities amounted to EUR 65,792 thousand, an increase of EUR 16,823 thousand, or 34.4 percent, as compared to EUR 48,969 thousand as at December 31, 2020. The increase was primarily attributable to an increase in trade payables mainly due to increased costs and an increase in other payables (for example, in accrued employee expenses) and income tax liabilities.

As at December 31, 2020, Koskisen's total current liabilities amounted to EUR 48,969 thousand, a decrease of EUR 2,554 thousand, or 5.0 percent, as compared to EUR 51,523 thousand as at December 31, 2019. The decrease was primarily attributable to a decrease in borrowings and trade payables. The decrease was partially offset by an increase in lease liabilities.

Contingent Liabilities and Commitments

The following tables set forth the contingent liabilities and commitments Koskisen has given as at the dates indicated:

	As at September 30, 2022	As at December 31,		
		2021	2020	2019[(1)]
	(unaudited)	(IFRS) (audited)		(unaudited)
		(EUR in thousands)		
Liabilities for which collaterals have been given				
Loans from financial institutions	20,000	33,000	37,000	40,000
Account and guarantee limits in use as at the balance sheet date				
Account limit	–	–	13	–
Guarantee limit	83	138	713	705
Mortgages				
Real estate mortgages	1,689,600	1,689,600	1,689,600	1,689,600
Company mortgages	181,551	181,551	181,551	181,551
Guarantees				
Advance payment, delivery, etc. guarantees	83	138	713	705

(1) Koskisen's consolidated balance sheet information as at December 31, 2019, equals the unaudited opening statement of financial position as at January 1, 2020, prepared in connection with the adoption of IFRS. For more information on the impacts of the adoption of IFRS, see "—*Impact of the Adoption of IFRS*" above and note 25 to the IFRS Audited Consolidated Financial Statements incorporated by reference into this Offering Circular.

In addition, the Company has given a general guarantee payable on demand for Koskisen Oy's, which was merged into the Company in the Reorganization, loans from financial institutions and commitments to financial institutions. Except for the contractual obligations and contingent liabilities set forth above, Koskisen has no off-balance-sheet entities or off-balance-sheet arrangements that are reasonably likely to have a material effect on Koskisen's business, financial condition, results of operations and/or cash flows. As at September 30, 2022, Koskisen had committed to investments of EUR 30.4 million in total related to, among others, the investment in the New Järvelä Unit.

Investments

The following table sets forth Koskisen's investments (*i.e.*, additions in property, plant and equipment and intangible assets) for the periods indicated:

	For the nine months ended September 30, 2022	For the year ended December 31, 2021	2020
	(unaudited)	(IFRS) (audited)	
	(EUR in thousands)		
Property, plant and equipment			
Land	83	63	38
Buildings and structures	67	766	56
Machinery and equipment	4,888	1,377	3,035
Other tangible assets	4	457	43
Advance payments and construction in progress	16,167	6,705	307
Total	21,210	9,368	3,479
Intangible assets			
Software	22	246	42
Advance payments and work in progress	297	123	185
Total intangible assets	319	369	227
Total	21,529	9,736	3,707

Koskisen's investments for the nine months ended September 30, 2022, related primarily to the investment in the New Järvelä Unit. Koskisen's investments for the year ended December 31, 2021, related primarily to the EUR 552 thousand modernization of the veneer dryer line in Järvelä, Finland, the EUR 452 thousand construction of a new road and warehouse area for the sawmill in Järvelä, Finland, the EUR 375 thousand related to the acquisition of a property adjacent to the New Järvelä Unit, and the EUR 5,837 thousand advance payments and construction in progress related to the construction of the New Järvelä Unit. Koskisen's investments for the year ended December 31, 2020, related primarily to the EUR 4,713 thousand Bio8 boiler at the Tarhanmäki site in Järvelä, Finland, and the EUR 2,733 thousand integrated planing line. Koskisen's investments for the year ended December 31, 2019, related primarily to the debarking machine and camera technology at the production facility in Järvelä, Finland.

Koskisen is currently building the New Järvelä Unit, as discussed under "*Business—Production*." Koskisen estimates to invest approximately EUR 50 million in total in the New Järvelä Unit between 2021 and 2024. By September 30, 2022, EUR 21.2 million of the investment had been realized. Koskisen is currently building a new drainage system at the Tarhanmäki site in Järvelä, Finland. Koskisen will finance the investment in the New Järvelä Unit with the Facilities Agreement, the Exportkredit Loan, the Hekotek Loan and the Siemens Loan, as well as cash generated from operating activities. Koskisen expects to invest approximately EUR 1,500 thousand in the drainage system in 2022. Koskisen has committed to an approximately EUR 3,100 thousand investment in a new channel dryer line for the Sawn Timber Industry business segment at the Tarhanmäki site in Järvelä, Finland. Koskisen expects the new channel dryer line project will commence in 2023 and it will be operational in 2024. Koskisen is planning an investment in a spindles peeling line in Järvelä, Finland, in 2023.

Except as set forth above, Koskisen does not have any significant ongoing investments or plans for any significant new investments outside the normal business operations as at the date of this Offering Circular. Koskisen's investments in normal business operations are related to the maintenance and improvement of its existing facilities, machinery and processes. Koskisen will continue to make investments related to the business and operations of the Sawn Timber Industry business segment and the Panel Industry business segment, which are expected to be in line with Koskisen's historical levels of investments. Koskisen will finance these investments with its existing cash and cash equivalents and cash generated from operating activities.

Financial Risk Management

Koskisen's activities expose it to financial risks, which can be divided into credit risk that covers business-related credit risk and financial credit risk, liquidity risk, and market risk that covers foreign exchange risk and interest rate risk. The management of Koskisen's financial risks includes a combination of responsive actions that Koskisen's management actively seeks to ensure sound financial operations and stability. For more information on Koskisen's financial risk management, see note 3 to the IFRS Audited Consolidated Financial Statements incorporated by reference into this Offering Circular.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of Koskisen's consolidated financial statements requires Koskisen's management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying Koskisen's accounting policies, Koskisen's management has made various judgements. Those which Koskisen's management has assessed to have the most significant effect on the amounts recognized in the consolidated financial statements are discussed in the individual notes of the IFRS Audited Consolidated Financial Statements incorporated by reference into this Offering Circular.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items. These include, for example, revenue recognition, impairment calculations of goodwill based on future cash flows and evaluating lease terms. Koskisen based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of forest assets, embedded leases, lease term determination, determination of incremental borrowing rate, and estimation of the amount and timing of the provision.

For more information on Koskisen's significant accounting judgements, estimates and assumptions, see the notes to the IFRS Audited Consolidated Financial Statements incorporated by reference into this Offering Circular.

New Standards and Interpretations

Koskisen has not adopted the published new IFRS standards, amendments to IFRS standards and interpretations that were not mandatory for the reporting period ended December 31, 2021. These IFRS standards, amendments and interpretations are not expected to have a material impact on Koskisen in the current or future reporting periods or on foreseeable future transactions.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

General

The Company is a public limited liability company incorporated and domiciled in Finland. In its corporate governance and management, the Company complies with applicable Finnish legislation, its articles of association and the Company's corporate governance policy approved by the Board of Directors of the Company. The Company follows all regulations and recommendations of Nasdaq Helsinki, including the Finnish Corporate Governance Code 2020 issued by the Finnish Securities Market Association and adopted by Nasdaq Helsinki, when trading in the Shares commences on the Official List of Nasdaq Helsinki.

The governing bodies of the Company (*i.e.*, the general meeting of shareholders of the Company, the Board of Directors of the Company and the Chief Executive Officer of Koskisen) have the ultimate responsibility for Koskisen's management and its operations. The executive board of Koskisen reports to the Chief Executive Officer and is responsible for the efficient management of Koskisen's operations.

Shareholders participate in the control and management of the Company through resolutions passed at general meetings of shareholders of the Company. General meetings of shareholders of the Company are generally convened upon notice given by the Board of Directors of the Company. In addition, general meetings of shareholders must be convened when requested in writing by an auditor of the Company or by shareholders representing at least one-tenth of all issued and outstanding Shares.

The business address of the members of the Board of Directors of the Company and the executive board and the Chief Executive Officer of Koskisen is Tehdastie 2, FI-16600 Järvelä, Finland.

Board of Directors and Executive Board

Board of Directors

The tasks and responsibilities of the Board of Directors of the Company are determined on the basis of the Finnish Companies Act as well as other applicable legislation. The Board of Directors of the Company has general authority to decide and act in all matters not reserved for other corporate governing bodies by law or under the provisions of the Company's articles of association. The general task of the Board of Directors of the Company is to duly organize Koskisen's management and operations. In all situations, the Board of Directors of the Company must act in accordance with Koskisen's best interest.

The annual general meeting of shareholders of the Company elects the members of the Board of Directors of the Company. The general meeting of shareholders of the Company selects the Chair of the Board of Directors of the Company. A member of the Board of Directors of the Company may be removed from office at any time by a resolution passed by a general meeting of shareholders. Proposals to the annual general meeting of shareholders of the Company concerning the election of members of the Board of Directors of the Company, which have been made known to the Board of Directors of the Company prior to the annual general meeting of shareholders, will be made public if such a proposal is supported by shareholders holding a minimum of one-tenth of all the Shares and voting rights and the person being proposed has consented to such nomination.

Under the Company's articles of association, the Board of Directors of the Company is composed of a minimum of three and a maximum of nine members. The term of office of a member of the Board of Directors of the Company expires at the close of the annual general meeting of shareholders following his/her election. The Board of Directors of the Company is quorate when more than one-half of its members are present. A decision by the Board of Directors of the Company is the opinion supported by more than one-half of the members present at a meeting. In the event of a tie, the Chair has the casting vote. The Board of Directors of the Company meets at least eight times in a year and, when necessary, holds additional meetings. As at the date of this Offering Circular, Koskisen has established an audit committee. The Board of Directors of the Company may consider establishing other committees in the future in order to function effectively taking into account the scope and nature of Koskisen's operations and the operating principles of the Board of Directors. As at the date of this Offering Circular, the members of the Board of Directors of the Company are independent of the Company's significant shareholders, except for Eva Wathén, Kari Koskinen and Karoliina Koskinen, and of the Company, except for Eva Wathén, Kari Koskinen and Karoliina Koskinen.

The following table sets forth the members of the Board of Directors of the Company as at the date of this Offering Circular:

	Position	Citizenship	Year of birth
Juha Vanhainen	Chair	Finland	1961
Kari Koskinen	Member	Finland	1958
Karoliina Koskinen	Member	Finland	1991
Kalle Reponen	Member	Finland	1965
Hanna Sievinen	Member	Finland	1972
Eva Wathén	Member	Finland	1967

Juha Vanhainen has been the Chair of the Board of Directors of the Company since 2020. Mr. Vanhainen has been a member of the Boards of Directors of EKE-Construction Ltd. since 2022 and Ponsse Plc since 2018. Previously, Mr. Vanhainen was the Chair of the Board of Directors of Koskitukki Oy (currently known as the Company) between 2020 and 2022, Apetit Kantvik Oy between 2015 and 2019, Apetit Kasviöljy Oy between 2015 and 2019 and Apetit Ruoka Oy between 2015 and 2019, the Vice Chair of the Board of Directors of Finnsugar Ltd between 2015 and 2019 and Sucros Ltd between 2015 and 2019, a member of the Boards of Directors of Jetflite Oy between 2018 and 2021, Vilakone Oy (currently known as Wille Machines Oy) between 2018 and 2021, Wihuri Ltd between 2018 and 2021, Wihuri Packaging Ltd between 2018 and 2021, W-Packaging Ltd. between 2018 and 2021, Koskisen Ltd (currently known as the Company) during 2020, Koskitukki Oy (currently known as the Company) during 2020, FoodDrinkEurope between 2018 and 2019 and Elintarviketeollisuusliitto ry between 2015 and 2019, the President and the Chief Executive Officer of Apetit Plc between 2015 and 2019 and the Managing Director of Uros Ltd between December 2019 and March 2020. Mr. Vanhainen holds a Master’s degree in Science.

Kari Koskinen has been a member of the Board of Directors of the Company since 1989. Mr. Koskinen has been a member of the Board of Directors of Kosava-Kiinteistöt Oy since 2011. Previously, Mr. Koskinen was a Director, Russian operations, of Koskitukki Oy (currently known as the Company) between 2012 and 2019, Director, Business Development, of Koskitukki Oy (currently known as the Company) between 2009 and 2012, a General Director of Koskisilva between 2005 and 2009 and Director, plywood industry, of Koskitukki Oy (currently known as the Company) between 1985 and 2009. Mr. Koskinen holds a Master’s degree in Economics.

Karoliina Koskinen has been a member of the Board of Directors of the Company since 2022. Ms. Koskinen has been a Business Controller, Sawn Timber and Wood Procurement, of the Company since 2015. Ms. Koskinen holds a Master’s degree in Economics and Business Administration.

Kalle Reponen has been a member of the Board of Directors of the Company since 2014. Mr. Reponen has been the Chair of the Boards of Directors of Alupro Ltd since 2021, Fyra Group Ltd since 2021, Combi Works Ltd since 2020, Telamurska Oy since 2019, Heatmasters Oy since 2016 and Premix Oy since 2014, a member of the Boards of Directors of ABL Finland Oy since 2021, Oy Mapvision Ltd since 2018, Black Bruin Inc since 2016 and Vexve Armatury Group Oy since 2016. Previously, Mr. Reponen was a member of the Boards of Directors of Pemamek Oy between 2019 and 2022, Robit Plc between 2012 and 2022, Panostaja Oyj between 2018 and 2020, Hydroline Oy between 2017 and 2020, BMH Technology Oy between 2016 and 2019, Tekniseri Oy between 2017 and 2018, Planex Oy between 2015 and 2017 and Glaston Corporation between 2013 and 2017. Mr. Reponen holds a Master’s degree in Business Administration.

Hanna Sievinen has been a member of the Board of Directors of the Company since 2015. Ms. Sievinen has been a member of the Board of Directors of Futurice Ltd since 2019 and the Chair of the Board of Directors of Futurice Ltd since 2020, a member of the Board of Directors of Taaleri Plc since 2016 and the Vice Chair of the Board of Directors and the Chair of the Audit Committee of Taaleri Plc since 2022, a member of the Board of Directors of Veikkaus Ltd since 2016 and the Chair of the Audit and Sustainability Committee of Veikkaus Ltd since 2021 and a member of the Boards of Directors of PrivacyAnt Oy since 2017, Icanduu Oy since 2014 and Rantakesä-RKBS Oy since 2014. Previously, Ms. Sievinen was a member of the Board of Directors of Mint of Finland Ltd. between 2012 and 2015 and the Chair of the Board of Directors of Mint of Finland Ltd. between 2015 and 2018, a member of the Boards of Directors of Cinia Ltd between 2015 and 2018 and the Vice Chair of the Board of Directors of Cinia Ltd between 2018 and 2020, FRV Evo Oy between 2016 and 2017, Demos Helsinki Oy between 2018 and 2019 and Light Cognitive Oy between 2016 and 2019. Ms. Sievinen holds a Doctor of Science degree in Economics and Business Administration.

Eva Wathén has been a member of the Board of Directors of the Company since 2001. Ms. Wathén has been the Chair of the Board of Directors of Bravemotion Oy since 2018 and a member of the Board of Directors of Kosava-Kiinteistöt Oy since 2017. Previously, Ms. Wathén was the Chair of the Boards of Directors of Noireco Oy between 2018 and 2019, Koskisen Oy (currently known as the Company) between 2010 and 2012 as well as 2007 and 2008 and Koskitukki Oy (currently known as the Company) between 2008 and 2010 and a member of the Boards of Directors of PL Perheyrityspalvelut Oy between 2014 and 2019, Akvaterra Oy between 2011 and 2018 and Tinavesta Oy between 2008 and 2018. Ms. Wathén holds an Executive Master of Business Administration degree and a Master’s degree in Applied Psychology.

Chief Executive Officer

The Chief Executive Officer of Koskisen is responsible for Koskisen's operational management. The Chief Executive Officer prepares matters on which decisions are to be made by the Board of Directors of the Company, develops Koskisen's operations in line with the targets agreed with the Board of Directors of the Company, and ensures proper implementation of decisions of the Board of Directors of the Company. The Chief Executive Officer is also responsible for ensuring that Koskisen's business operations are in compliance with existing legislation and applicable regulations. The Chief Executive Officer chairs meetings of the executive board of Koskisen.

Executive Board

The task of the executive board of Koskisen is the overall management of Koskisen's business. Members of the executive board of Koskisen have specific authority in their individual areas of responsibility, and their duty is to develop Koskisen's operations in line with the targets set by the Board of Directors of the Company and the Chief Executive Officer of Koskisen. As at the date of this Offering Circular, the executive board of Koskisen consists of seven members appointed by the Board of Directors of the Company. The executive board meets regularly on a weekly and quarterly basis and whenever needed.

The following table sets forth the members of the executive board of Koskisen as at the date of this Offering Circular:

	Position	Citizenship	Year of birth
Jukka Pahta	Chief Executive Officer	Finland	1966
Karri Louko....................................	Chief Financial Officer	Finland	1969
Tom-Peter Helenius........................	Director, Panel Industry	Finland	1971
Tommi Sneck	Director, Sawn Timber Industry	Finland	1976
Joonas Ojasalo................................	Director, Wood Supply and Bioenergy	Finland	1982
Minna Luomalahti	Director, HR	Finland	1967
Sanna Väisänen	Director, Sustainability and Communications	Finland	1977

Jukka Pahta has been the Chief Executive Officer of Koskisen and a member of the executive board since 2016. Mr. Pahta has been the Chair of the Board of Directors of Kosava-Kiinteistöt Oy since 2017. Previously, Mr. Pahta was the Chair of the Board of Directors of Koskisen Sp z.o.o between 2020 and 2021 and Tinavesta Oy between 2017 and 2019, a member of the Boards of Directors of East Office of Finnish Industries Oy between 2018 and 2021, Akvaterra Oy between 2017 and 2019, the Executive Vice President and the Chief Financial Officer of Pöyry Oyj (currently known as AFRY AB) between 2011 and 2016, the Executive Vice President, the Deputy to the Chief Executive Officer and the Chief Financial Officer of Myllykoski Corporation between 2008 and 2011, and a Finance Director of Myllykoski Corporation between 2006 and 2008. Mr. Pahta holds a Master of Business Administration degree and a Master's degree in Finance and Accounting.

Karri Louko has been the Chief Financial Officer of Koskisen and a member of the executive board since 2022. Previously, Mr. Louko was the Chief Financial Officer of Teknoware Oy between 2015 and 2022. Mr. Louko held various finance positions at Metso Corporation (currently known as Metso Outotec Corporation) between 2000 and 2015. Mr. Louko holds a Master's degree in Economics.

Tom-Peter Helenius has been the Director, Panel Industry, of Koskisen and a member of the executive board since 2020. Mr. Helenius has been the President of Koskisen Sp z.o.o since 2021. Previously, Mr. Helenius was the Chief Executive Officer of Kopar Oy between 2019 and 2020 and the Managing Director of Smurfit Kappa Finland Oy between 2016 and 2019. Mr. Helenius holds a Master's degree in Engineering.

Tommi Sneck has been the Director, Sawn Timber Industry, of Koskisen and a member of the executive board since 2007. Mr. Sneck has been the Chair of Sahateollisuus ry since 2020, the Vice Chair and a member of the Board of Directors of Finnish Sawmills Ltd since 2020 and Lahti Basketball Juniorit ry since 2020, a member of the Boards of Directors of Wood from Finland Oy since 2020, STMY Palvelut Oy since 2017, Sahateollisuus ry since 2014 and Suomen Sahateollisuusmiesten Yhdistys ry since 2007 and a member of the delegation of Suomen Metsäsäätiö sr since 2020. Previously, Mr. Sneck was the Chair of the Board of Directors of Suomen Sahateollisuusmiesten Yhdistys ry between 2016 and 2018. Mr. Sneck holds a Master's degree in Technology.

Joonas Ojasalo has been the Director, Wood Supply and Bioenergy, of Koskisen and a member of the executive board since 2021. Mr. Ojasalo has been a member of the Board of Directors of Metsäteho Oy since 2021. Mr. Ojasalo holds a Master's degree in Forestry.

Minna Luomalahti has been the Director, HR, of Koskisen and a member of the executive board since 2017. Ms. Luomalahti has been a member of the Board of Directors of Kärkölän Osuuspankki since 2019. Previously, Ms. Luomalahti was a member of the Supervisory Board of Kärkölän Osuuspankki between 2018 and 2019. Ms. Luomalahti holds a degree in Engineering and Wood Processing.

Sanna Väisänen has been the Director, Sustainability and Communications, of Koskisen and a member of the executive board since 2022. Previously, Ms. Väisänen was a Director, Communications and Sustainability, of Apetit Plc between 2018 and 2022, a Senior Manager, Group Communications, of Componenta Corporation between 2011 and 2017, Communications Manager, Financial Communications and IR, of Metsä Board Corporation between 2009 and 2011 and Communications Manager, Team Lead, of Metsäliitto Cooperative between 2006 and 2009. Ms. Väisänen holds a Master's degree in Communications.

Information on the Members of the Board of Directors and the Executive Board

As at the date of this Offering Circular, none of the members of the Board of Directors of the Company or the executive board of Koskisen have, during the previous five years:

- been convicted in relation to fraudulent offences;
- held an executive position, been included in the executive management, or been a member of the administrative, management or supervisory bodies of any company or acted as a general partner with individual liability in a limited partnership at the time of bankruptcy, receivership or liquidation (excluding voluntary liquidations which have been carried out in order to dissolve the company under the Finnish Companies Act); or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Kari Koskinen, a member of the Board of Directors of the Company, and Eva Wathén, a member of the Board of Directors of the Company, are siblings. Karoliina Koskinen, a member of the Board of Directors of the Company, is a niece of Kari Koskinen and Eva Wathén. Except as set forth above, there are no family relations between the members of the Board of Directors of the Company and the executive board of Koskisen.

Conflicts of Interest

Provisions regarding the conflicts of interest of the management of a Finnish company are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and the company, nor may he or she participate in the handling of a contract between the company and a third-party if he or she may thereby receive a material benefit that may be in contradiction with the interests of the company. This provision also applies to any other legal act, legal proceeding or other similar matter. This provision also applies to the Chief Executive Officer of Koskisen.

Unless otherwise indicated below, as at the date of this Offering Circular there are no (i) conflicts of interest between any duties to the Company of any member of the Board of Directors of the Company or the executive board of Koskisen and their private interests and/or other duties; (ii) arrangements or understandings with major shareholders, members of the Board of Directors of the Company and the executive board of Koskisen, suppliers or others pursuant to which any member of the Board of Directors of the Company or the executive board of Koskisen was elected; or (iii) restrictions agreed by any member of the Board of Directors of the Company or the executive board of Koskisen on the disposal of their holdings in the Company's securities within a certain time:

- legal and/or beneficial interest in the Shares;
- the lock-up agreement regarding the Shares described in "*Terms and Conditions of the Offering—General Terms and Conditions of the Offering—Lock-up*"; and
- the related-party transactions described in "*Related Party Transactions*."

Compensation of the Board of Directors and the Executive Board

Board of Directors

The following table sets forth the salaries and remuneration paid to the members of the Board of Directors of the Company for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,			
	2022	2021	2021	2020	2020	2019
	(IFRS)				(FAS)	
	(unaudited)		(audited)		(unaudited)	
	(EUR in thousands)					
Salaries and remuneration	163	96	138	109	109	121
Pension costs – defined contribution plans	4	3	4	0	0	0
Total	167	100	142	109	109	121

There have been no material changes in the remuneration of the Board of Directors of the Company between September 30, 2022, and the date of this Offering Circular.

Executive Board

The Board of Directors determines the remuneration paid and the basic principles of remuneration for the Chief Executive Officer and the other members of the executive board. The remuneration paid to the Chief Executive Officer and the other members of the executive board consists of a monthly salary and bonus. The Chief Executive Officer has a profit/performance-based bonus amounting to a maximum of 48 percent of his annual salary. The amount of the profit-based bonus depends on the annual targets. Koskisen has established an incentive scheme whereby the members of the executive board of Koskisen, among others, are awarded cash bonuses based on their individual performance and the results of Koskisen or a business unit in addition to their fixed salary. The objective of the incentive scheme is to incentivize the members of the executive board of Koskisen to stay engaged and motivate them to improve their performance and the performance of Koskisen. In addition, the incentive scheme aims to steer the members of the executive board to work in a way that supports the development of Koskisen. Payments under the incentive scheme are discretionary and tied to Koskisen's results of operations and relevant key performance indicators and individual performance objectives. The terms and objectives of the incentive scheme, including the key performance indicators and their respective weight, are determined annually and approved by the Board of Directors of the Company.

The following table sets forth the salaries and fees as well as pension costs paid to the Chief Executive Officer of Koskisen for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,			
	2022	2021	2021	2020	2020	2019
	(IFRS)				(FAS)	
	(unaudited)		(audited)		(unaudited)	
	(EUR in thousands)					
Wages and salaries	499	258	328	331	331	279
Pension costs – defined contribution plans	43	22	28	29	29	20
Total	542	280	356	360	360	298

The following table sets forth the salaries and fees as well as pension costs paid to the members of the executive board of Koskisen, excluding the Chief Executive Officer, for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,			
	2022	2021	2021	2020	2020	2019
	(IFRS)				(FAS)	
	(unaudited)		(audited)		(unaudited)	
	(EUR in thousands)					
Wages and salaries	736	595	767	769	769	747
Pension costs – defined contribution plans	64	46	59	65	65	60
Total	799	641	826	834	834	807

Upon completion of the Listing, Koskisen's Chief Executive Officer and Chief Financial Officer will be paid a bonus in two installments, the first installment of which will be paid two months after the Listing, and the second installment 12 months after the payment of the first installment. The bonus will be paid half in shares and half in cash, which is determined by the value of the Share at the time of the payment. The amount of the bonus for the Chief Executive Officer in the first installment is 12,000 shares, the value of which half is paid in cash, and in the second installment 18,000 shares, the value of which half is paid in cash. The amount of the bonus for the Chief Financial Officer in the first installment is 6,000 shares, the value of which half is paid in cash, and in the second installment 9,000 shares, the value of which half is paid in cash.

There have been no material changes in the remuneration of the members of the executive board between September 30, 2022, and the date of this Offering Circular.

Termination Benefits

The mutual notice period for the Chief Executive Officer of Koskisen is six months and the Company has the right to decide on the working obligation and its contents of the Chief Executive Officer of Koskisen during the notice period. If Koskisen gives notice to the Chief Executive Officer, the Chief Executive Officer is, under certain conditions, entitled to a one-off compensation corresponding to six months' pay. The mutual notice period for other members of the executive board is four to six months. Koskisen has the right to decide on the working obligation of other members of the executive board of Koskisen during the notice period. The working obligation of a member of the executive board of Koskisen is a maximum of six months, regardless of the party giving notice.

Other Benefits

Koskisen provides pension benefits in accordance with local statutory regulation. In addition, the Company has provided additional pension insurance for one member of the executive board of Koskisen, according to which the Company pays total annual insurance premiums of EUR 8.5 thousand.

Koskisen has a share-based incentive program in place for its key employees for the years 2022 to 2026. The objective of the incentive program is to connect goals of the Company's shareholders and key employees for increasing value of the Company in a long-term time period as well as to engage the key employees to the Company and offer them a competitive incentive program based on earning and the accumulation of Shares. The incentive program consists of three three-year earning periods, which are from 2022 to 2024, from 2023 to 2025 and from 2024 to 2026. Key employees eligible for the incentive program as well as the earning criteria and targets, which can be based on financial performance measures strategy or other targets, are determined by the Board of Directors of the Company for each earning period. Bonuses paid under the incentive program are also determined by the Board of Directors of the Company for each participating key employee and are paid as shares and as cash in order for the participating key employee to pay taxes related to the share bonus. The Board of Directors of the Company has the right to decide whether the bonus will be paid as cash in full or in part. Members of the executive board of Koskisen are obliged to hold a certain amount of their holdings until the end of their membership in the executive board of Koskisen. The Board of Directors of the Company resolved on April 25, 2022, on the criteria and targets as well as the key employees eligible for the incentive program for the first earning period. During the first earning period of the incentive program, the key employees eligible for the incentive program may earn a maximum of 138,000 shares in total, or a cash amount corresponding to their value (before taxes are deducted) if the bonus is decided to be paid in cash.

In accordance with the company-specific collective bargaining agreement between Koskisen and two labor unions, the Industrial Union and Trade Union PRO effective as of January 1, 2022, until December 31, 2025, the hourly employees of Koskisen are paid an annual service year allowance based on the length of their uninterrupted employment at Koskisen. The service year allowance is paid annually for hourly employees who have been employed by Koskisen for a minimum of ten years. In addition to the length of the employment, the service year allowance based on the employee's average hourly wage and the number of months entitling the employee to vacation days during the previous year.

Management Ownership

The following table sets forth the number of Shares owned by the members of the Board of Directors of the Company and the executive board of Koskisen as at the date of this Offering Circular:

	Shares
Members of the Board of Directors	
Juha Vanhainen	–
Kari Koskinen	4,208,988
Karoliina Koskinen	780,000
Kalle Reponen	–
Hanna Sievinen	–
Eva Wathén	2,228,988
Members of the Executive Board	
Jukka Pahta	7,828
Karri Louko	3,668
Tom-Peter Helenius	4,000
Tommi Sneck	4,138
Joonas Ojasalo	1,200
Minna Luomalahti	2,700
Sanna Väisänen	3,334

Directorships/Partnerships

The members of the Board of Directors of the Company and the executive board of Koskisen currently hold or have held the following directorships and/or have been a partner in the following partnerships in the five years prior to the date of this Offering Circular:

	Current directorships/partnerships	Former directorships/partnerships
Members of the Board of Directors		
Juha Vanhainen	EKE Construction Ltd Ponsse Plc	Apetit Kantvik Oy Apetit Kasviöljy Oy Apetit Ltd Apetit Ruoka Oy Elintarviketeollisuusliitto ry Finnsugar Ltd FoodDrinkEurope Jetflite Oy Koskisen Ltd (currently known as the Company) Koskitukki Oy (currently known as the Company) Sucros Ltd Uros Ltd Vilakone Oy (currently known as Wille Machines Oy) Wihuri Ltd Wihuri Packaging Ltd W-Packaging Ltd
Kari Koskinen	Kosava-Kiinteistöt Oy	–
Karoliina Koskinen	–	–
Kalle Reponen	ABL Finland Oy Alupro Ltd Black Bruin Inc Combi Works Ltd Fyra Group Ltd Heatmasters Oy Oy Mapvision Ltd Premix Oy Telamurska Oy Vexve Armatury Group Oy	BMH Technology Oy Glaston Corporation Hydroline Oy Panostaja Oyj Pemamek Oy Planex Oy Robit Plc Tekniseri Oy
Hanna Sievinen	Futurice Ltd Icanduu Oy PrivacyAnt Oy Rantakesä RKBS Oy Taaleri Plc Veikkaus Ltd	Cinia Ltd Demos Helsinki Oy FRV Evo Oy Futurice Ltd Light Cognitive Oy Mint of Finland Ltd Taaleri Plc
Eva Wathén	Bravemotion Oy Kosava-Kiinteistöt Oy	Akvaterra Oy Koskisen Oy (currently known as the Company) Koskitukki Oy (currently known as the Company) Noireco Oy PL Perheyrityspalvelut Oy Tinavesta Oy

Members of the Executive Board	Current directorships/partnerships	Former directorships/partnerships
Jukka Pahta	Kosava-Kiinteistöt Oy	Akvaterra Oy East Office of Finnish Industries Oy Koskisen Sp z.o.o Myllykoski Corporation Pöyry Oyj (currently known as AFRY AB) Tinavesta Oy
Karri Louko	–	Teknoware Oy
Tom-Peter Helenius	Koskisen Sp z.o.o	Kopar Oy Smurfit Kappa Finland Oy
Tommi Sneck	Finnish Sawmills Ltd Lahti Basketball Juniorit ry Sahateollisuus ry STMY Palvelut Oy Suomen Metsäsäätiö sr Suomen Sahateollisuusmiesten Yhdistys ry Wood from Finland Oy	Suomen Sahateollisuusmiesten Yhdistys ry
Joonas Ojasalo	Metsäteho Oy	–
Minna Luomalahti	Kärkölän Osuuspankki	Kärkölän Osuuspankki
Sanna Väisänen	–	–

Committees

Audit Committee

The Board of Directors' Audit Committee assists the Board of Directors of the Company in preparing matters concerning financial reporting, internal control and audits.

The duties of the Audit Committee include monitoring and evaluating Koskisen's financial reporting system, monitoring and evaluating the effectiveness of internal controls and audits as well as Koskisen's risk management systems, monitoring and evaluating how agreements and other legal transactions entered into between Koskisen and its related parties meet the requirements of normal operations and market conditions, monitoring and evaluating the independence of auditors, particularly the provision of non-audit services, monitoring Koskisen's audit and preparing the selection of the Company's auditor.

The Audit Committee may also oversee the financial reporting and risk management processes, approve the internal audit policy and annual plan, process internal audit reports, evaluate the compliance process regarding laws and regulations, monitor and evaluate the defining of related-party transaction policies, monitor financial and tax risks, monitor procedures and risks relating to IT and taxation as well as investigate and monitor specific issues identified by the Board of Directors of the Company that are in line with the duties of the Audit Committee.

The Audit Committee is comprised of at least three and a maximum of five members of the Board of Directors of the Company. The majority of the members of the Audit Committee shall be independent of Koskisen and at least one member of the Audit Committee shall be independent of the significant shareholders of Koskisen. Members of the Audit Committee shall have relevant expertise and experience required for the performance of the duties and responsibilities of the Audit Committee and the mandatory tasks relating to auditing. At least one of the members of the Audit Committee shall have expertise in accounting or auditing and the members of the Audit Committee as a whole shall have relevant expertise in Koskisen's business operations. The Audit Committee meets regularly, at least four times annually. The tasks and responsibilities of the Audit Committee are defined in its charter, which is approved by the Board of Directors of the Company.

As at the date of this Offering Circular, the members of the Audit Committee are Kalle Reponen, Hanna Sievinen and Eva Wathén.

Auditors

The Company has appointed PricewaterhouseCoopers, Authorized Public Accountants, as its auditor for the year ended December 31, 2022. PricewaterhouseCoopers has appointed Markku Launis, Authorized Public Accountant, as the auditor with principal responsibility. Markku Launis is registered in the Finnish Register of Auditors maintained by the Trade Register pursuant to Chapter 6, Section 9 of the Finnish Auditing Act. The IFRS Audited Consolidated Financial Statements have been audited by PricewaterhouseCoopers, Authorized Public Accountants, with Markku Launis, Authorized Public Accountant, as the auditor with principal responsibility. The FAS Audited Consolidated Financial Statements have been audited by Deloitte, Authorized Public Accountants, with Hannu Mattila, Authorized Public

Accountant, as the auditor with principal responsibility. Hannu Mattila is registered in the Finnish Register of Auditors maintained by the Trade Register pursuant to Chapter 6, Section 9 of the Finnish Auditing Act.

MAJOR SHAREHOLDERS

General

As at the date of this Offering Circular, the Company's share capital amounts to EUR 1,512,000, the total number of Shares issued and outstanding Shares is 17,779,606. As at the date of this Offering Circular, the Company holds no own Shares (treasury Shares).

The following table sets forth the twelve largest shareholders of the Company and their respective holdings immediately prior to the Offering and immediately after the Offering assuming that the Over-allotment Option is exercised in full, the shareholders presented in the table do not subscribe for Offer Shares and that the Company will issue 4,780,801 New Shares that are subscribed for in the Offering by other investors than the shareholders presented below:

	Before the Offering		After the completion of the Offering	
	Number of Shares	Share of Shares and votes (percent)	Number of Shares	Share of Shares and votes (percent)
Kari Koskinen	4,208,988	23.7	4,208,988	18.3
Markku Koskinen	3,728,988	21.0	3,728,988	16.2
Eva Wathén	2,228,988	12.5	2,228,988	9.7
Sirkka-Leena Koskinen(1)	1,704,468	9.6	1,704,468	7.4
Ella Paksuniemi	1,220,000	6.9	1,220,000	5.3
Ester Paksuniemi	1,220,000	6.9	1,220,000	5.3
Laura Paksuniemi	1,220,000	6.9	1,220,000	5.3
Karoliina Koskinen	780,000	4.4	780,000	3.4
Lasse Koskinen	780,000	4.4	780,000	3.4
Arto Koskinen	191,052	1.1	191,052	0.8
Juha Koskinen	191,052	1.1	191,052	0.8
Riitta Kokko-Parikka	191,052	1.1	191,052	0.8
Other shareholders	115,018	0.6	5,373,899	23.3
Total	17,779,606	100.0	23,038,487	100.0

(1) Shares belong to an undistributed estate. The total number of Shares owned by the estate and its shareholders before the Offering was 12,444,588, which corresponded to 70.0 percent of the Shares and votes before the Offering.

All Shares carry equal voting rights and none of the Company's shareholders have any voting rights that are different from those of the other shareholders in the Company. The Company is not controlled directly or indirectly by any party.

The maximum number of Offer Shares offered in the Offering represents 22.8 percent of the Shares after the completion of the Offering. In the event that existing shareholders of the Company do not subscribe for Shares in the Offering, their total holdings in the Company would be diluted by 29.6 percent, assuming that the Company will issue 5,258,881 Offer Shares.

As at September 30, 2022, the Company's net asset value per Share was approximately EUR 11.29 (before the share issue without consideration registered on November 11, 2022, in which 1 new Share was given for each existing Share). The Subscription Price is EUR 6.14 per Offer Share.

There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

The members of Koskisen's personnel who participated in the Pre-IPO Personnel Offering have entered into a shareholder agreement with the Company (the "**Minority Shareholder Agreement**"). Most of the provisions of the Minority Shareholder Agreement will not be relevant or will expire upon completion of the Listing. However, the Shares subscribed in the Pre-IPO Personnel Offering will be subject a lock-up. A total of 115,018 Shares are covered by such lock-up. The lock-up period will end by a separate decision of the Board of Directors of the Company when two years have passed since the Board of Directors of the Company approved the subscriptions of the Shares in the Pre-IPO Personnel Offering, or when at least six months has passed from the Listing, whichever occurs later. The subscriptions were approved by the Board of Directors of the Company on September 29, 2022. Of Koskisen's personnel, approximately 12 percent subscribed for Shares in the Pre-IPO Personnel Offering.

RELATED PARTY TRANSACTIONS

Related parties of Koskisen consist of the members of the Board of Directors of the Company, the Chief Executive Officer of Koskisen, the members of the Executive Board of Koskisen and shareholders with significant influence over the Company. Related parties also include close family members of the members of the Board of Directors of the Company, the Chief Executive Officer of Koskisen, the members of the Executive Board of Koskisen and shareholders with significant influence over the Company as well as entities controlled, individually or jointly, by the abovementioned persons.

The following table sets forth Koskisen's related party transactions for the periods indicated:

	For the nine months ended September 30,		For the year ended December 31,			
	2022	2021	2021	2020	2020	2019
	(IFRS)				(FAS)	
	(unaudited)		(audited)		(unaudited)	
	(EUR in thousands)					
Shareholders with significant influence[1]						
Wages, salaries and pension costs	(397)	(432)	(533)	(599)	(599)	(565)
Lease income	2	–	2	1	1	–
Income from the sale of property, plant and equipment	–	–	–	84	84	–
Interest expense	(239)	(238)	(318)	(318)	(318)	(318)
Total	(634)	(670)	(849)	(832)	(832)	(883)

(1) Shareholders with significant influence includes shareholder with more than 10 percent ownership in Koskisen as well as their close family members.

The following table sets forth Koskisen's liabilities and receivables with the shareholders with significant influence as at the dates indicated:

	As at September 30, 2022	As at December 31,		
		2021	2020	2019[1]
		(IFRS)		
	(unaudited)	(audited)		(unaudited)
		(EUR in thousands)		
Shareholders with significant influence[2]				
Capital Loans[3]	4,536	4,536	4,536	4,536
Accrued interest on the Capital Loans[3]	236	3,429	3,111	2,793

(1) Koskisen's consolidated balance sheet information as at December 31, 2019, equals the unaudited opening statement of financial position as at January 1, 2020, prepared in connection with the adoption of IFRS. For more information on the adoption of IFRS, see "*Operating and Financial Review—Impact of the Adoption of IFRS*" and note 25 to the IFRS Audited Consolidated Financial Statements incorporated by reference into this Offering Circular.

(2) Shareholders with significant influence includes shareholder with more than 10 percent ownership in Koskisen as well as their close family members.

(3) Included in the item "Borrowings" on Koskisen's balance sheet as at September 30, 2022, and as at December 31, 2021, 2020 and 2019.

Certain of Koskisen's shareholders have financed Koskisen's business operations by granting the Capital Loans that amounted to a total of EUR 7.2 million (including accrued unpaid interest) as at September 30, 2022 (EUR 12.1 million as at December 31, 2021, EUR 11.5 million as at December 31, 2021, and EUR 10.9 million as at December 31, 2019). For more information on the Capital Loans, see "*Operating and Financial Review—Liquidity and Capital Resources—Financial Liabilities and Their Maturities—Capital Loans*."

The Company has negotiated with its shareholder and member of the Board of Directors of the Company, Eva Wathén, about a property sale and purchase, in which the Company would sell a property to Eva Wathén. The purchase price to be decided later will be based on external assessments. The property sale and purchase is conditional upon execution of the Offering.

Koskisen's related parties subscribed for in total of 13,434 Shares in the Pre-IPO Personnel Offering.

Transactions with related parties have been carried out on an arm's length basis.

The salaries and remuneration of the management is presented in "*Board of Directors, Management and Auditors—Compensation of the Board of Directors and the Executive Board*." The shareholdings of Koskinen Extended Family Members are presented in "*Major Shareholders*."

DESCRIPTION OF THE SHARES AND SHARE CAPITAL

General

The Company is a Finnish public limited liability company organized under the laws of Finland and domiciled in Kärkölä, Finland. The Company was registered in the Trade Register on March 18, 1966, its business identity code is 0148241-9 and its LEI code is 9845000D85046ECFFF27. The Company's registered address is Tehdastie 2, FI-16600 Järvelä, Finland, and its telephone number is + 358 20 553 41.

According to Article 3 of the Company's articles of association, its line of business is to directly or through its subsidiaries or affiliate companies, engage in forestry, the forest industry, especially sawn timber and panel industries as well as procurement, manufacture and sale of biofuels related to the forest industry, offer related services and engage in other related business activities. In addition, the company may directly and/or through its subsidiaries or affiliate companies purchase, sell, own and manage real property and securities as well as carry on securities trading, corporate acquisitions and divestments, and other investment business. As the parent company, the company may attend to the organization, financing and purchases of the group and to other similar common tasks of the group.

As at the date of this Offering Circular, the Company's articles of association include a redemption clause. The extraordinary general meeting of shareholders of the Company resolved on October 31, 2022, to remove the redemption clause from the articles of association conditional upon the completion of the Listing. The removal of the redemption clause will be notified to the Trade Register in connection with notifying the registration of the New Shares to be issued in the Offering or immediately prior to such notification.

Shares and Share Capital

As at the date of this Offering Circular, the Company's fully paid up share capital amounts to EUR 1,512,000, and the total number of Shares issued is 17,779,606. The Shares have no nominal value and are issued under Finnish law. As at the date of this Offering Circular, the Company holds no treasury Shares. The Shares were entered into the book-entry securities system maintained by Euroclear Finland on November 17, 2022. Each Share entitles its holder to one vote at the general meetings of shareholders of the Company, and all Shares carry equal rights to dividends and other distributions by the Company (including distributions of assets in the event of the Company's liquidation). There are no voting restrictions related to the Shares. The Shares are freely transferrable.

Before the Offering, the Shares have not been subject to trading on a regulated market or a multilateral trading facility. The Company will submit an application to Nasdaq Helsinki for the Shares to be listed on the Official List of Nasdaq Helsinki with the trading code KOSKI (ISIN code: FI4000533005). Trading of the Shares on the Official List of Nasdaq Helsinki on or about December 1, 2022.

History of Share Capital

The following table sets forth a summary of the changes in the Company's share capital and the number of Shares between January 1, 2019, and the date of this Offering Circular:

	Number of issued Shares	Number of Shares after the measure	Share capital (EUR)	Registered
Share capital as at January 1, 2019	n/a	630	1,512,000.00	n/a
Share issue resolution on April 26, 2022[(1)]	6,299,370	6,300,000	1,512,000.00	May 31, 2022
Share issue resolution on April 26, 2022[(2)]	2,532,294	8,832,294	1,512,000.00	May 31, 2022
Share issue resolution on August 25, 2022[(3)]	57,509	8,889,803	1,512,000.00	October 12, 2022
Share issue on October 31, 2022[(4)]	8,889,803	17,779,606	1,512,000.00	November 11, 2022

(1) A share issue without consideration to the shareholders of the Company in accordance with the pre-emptive rights of shareholders. For each existing Share, 9,999 new Shares were given. The number of Shares prior to the share issue without consideration was 630.

(2) A share issue related to the Reorganization. In connection with the Reorganization, 2,532,294 new Shares were given as merger consideration for shareholders of the merging company.

(3) Directed share issue made in deviation from the shareholders' pre-emptive subscription rights to engage the personnel of Koskisen by issuing 57,509 new Shares (see "*—Pre-IPO Personnel Offering*" below). The subscription price per Share was EUR 6.0.

(4) A share issue without consideration to the shareholders of the Company in accordance with the pre-emptive rights of shareholders. For each existing Share, 1 new Share was given. The number of Shares prior to the share issue without consideration was 8,889,803.

Pre-IPO Personnel Offering

In September 2022, the Company carried out a directed share issue made in deviation from the shareholders' pre-emptive subscription rights to engage personnel of Koskisen by issuing 57,509 new Shares in a Pre-IPO Personnel Offering. The subscription price in the Pre-IPO Personnel Offering was EUR 6.00 per Share (the subscription price in the Offering is EUR 6.14). The members of Koskisen's personnel who participated in the Pre-IPO Personnel Offering have entered the Minority Shareholder Agreement. Most of the provisions of the Minority Shareholder Agreement will not be relevant or will expire upon completion of the Listing. However, the Shares subscribed in the Pre-IPO Personnel Offering will be subject a lock-up. The lock-up period will end by a separate decision of the Board of Directors of the Company when two years have passed since the Board of Directors of the Company approved the subscriptions of the Shares in the Pre-IPO Personnel Offering, or when at least six months has passed from the Listing, whichever occurs later. The subscriptions were approved by the Board of Directors of the Company on September 29, 2022. Of Koskisen's personnel, approximately 12 percent subscribed for Shares in the Pre-IPO Personnel Offering.

Current Authorizations

Authorization to Issue the Offer Shares

On October 31, 2022, the Board of Directors of the Company was authorized in the extraordinary general meeting of the shareholders of the Company to resolve upon a directed share issue with consideration. Pursuant to the authorization, up to 10,000,000 New Shares can be issued in one or several instalments in deviation from the shareholders' pre-emptive subscription right. As a part of the Offering, the Shares can be offered to the Personnel at a lower subscription price than to other investors. The authorization of the Board of Directors of the Company will remain in force until June 30, 2023.

On or about November 30, 2022, the Board of Directors of the Company is expected to resolve, pursuant to the above-mentioned authorization, to issue New Shares as set forth in "*Terms and Conditions of the Offering*." The Company will issue preliminarily 4,780,801 New Shares based on the above-mentioned authorization and the number of the Shares may increase to a maximum of 22,560,407 Shares, assuming that a total of 72,332 New Shares would be subscribed for in the Personnel Offering at the discount applicable to the Personnel Shares.

Authorization to Decide on a Directed Share Issue

On October 31, 2022, the Board of Directors of the Company was authorized with the extraordinary general meeting of the shareholders of the Company to resolve upon a directed share issue. The number of Shares to be issued in one or several instalments on the basis of the authorization shall not exceed an aggregate maximum of 6,000,000 new Shares. The authorization of the Board of Directors of the Company will remain in force until June 30, 2023.

The above-mentioned authorization is related to the Over-allotment Option and share issue and share return arrangement in connection with the Offering as set forth in "*Terms and Conditions of the Offering*."

Authorization to Decide on the Issuance of Shares and the Issuance of Special Rights Entitling to Shares

On October 31, 2022, the Board of Directors of the Company was authorized with a resolution of the extraordinary general meeting of shareholders of the Company to resolve upon the issuance of new Shares and the issuance of special rights entitling to Shares referred to in Chapter 10, Section 1 of the Finnish Companies Act. The number of new Shares to be issued on the basis of the authorization shall not exceed an aggregate maximum of 3,000,000 Shares, which corresponds to approximately 10 percent of all the current Shares in the Company. The Board of Directors of the Company is entitled to decide on all the terms and conditions of the issuance of Shares and special rights entitling to Shares and is entitled to deviate from the shareholders' pre-emptive subscription rights (directed issue). The authorization of the Board of Directors of the Company will remain in force until June 30, 2023.

Shareholder Rights

Pre-emptive Rights

Pursuant to the Finnish Companies Act, shareholders of a Finnish company have a pre-emptive right, in proportion to their shareholdings, to subscribe for new shares in such company as well as for issues of option rights or convertible bonds unless the decision of the general meeting of shareholders or the Board of Directors of the company authorized by the general meeting of shareholders approving such issue provides otherwise. Pursuant to the Finnish Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two thirds of all votes cast and shares represented at a general meeting of shareholders. In addition, pursuant to the Finnish Companies Act, such a resolution requires that the company has a weighty financial reason to deviate from the pre-emptive rights of shareholders. Furthermore, pursuant to the Finnish Companies Act, a resolution on a share issue without payment that deviates from the shareholders' pre-emptive rights requires that there is an especially weighty financial reason both for the company and in regard to the interests of all the shareholders in the company.

Certain shareholders resident in, or with a registered address in, certain jurisdictions other than Finland may not be able to exercise pre-emptive rights in respect of their shareholdings unless a registration statement, or an equivalent thereof under the applicable laws of their respective jurisdictions, is effective or an exemption from any registration or similar requirements under the applicable laws of their respective jurisdictions is available.

General Meeting of Shareholders

Pursuant to the Finnish Companies Act, shareholders exercise their decision-making powers at general meetings of shareholders. Pursuant to the Finnish Companies Act, the annual general meeting of shareholders of a company must be held annually within six months from the end of the financial year. At the annual general meeting of shareholders, the financial statements, including the income statement, balance sheet and cash flow statement with notes thereto and consolidated financial statements, are presented to the shareholders for adoption. At the annual general meeting of shareholders, shareholders also make decisions regarding, among other things, the use of profits shown on the balance sheet, the discharge from liability of the members of the Board of Directors and the President and Chief Executive Officer as well as the election of the members of the Board of Directors and auditors and their respective remuneration. An extraordinary general meeting of shareholders in respect of specific matters must be convened when deemed necessary by the Board of Directors, or when requested in writing by an auditor of the company or by shareholders representing at least one tenth of all of the issued and outstanding shares in the company.

Pursuant to the articles of association of the Company, the notice convening the general meeting of shareholders must be delivered to the shareholders by publishing the notice on the Company's website or by a newspaper announcement which is published in one or more widely circulated daily newspapers chosen by the Board of Directors of the Company no earlier than three months and no later than three weeks before the general meeting, and in any case at least nine days before the record date of the general meeting of shareholders referred to in Chapter 5, Section 6 a of the Finnish Companies Act. In order to be able to attend the general meeting of shareholders, a shareholder must notify the Company at the latest on the date mentioned in the notice, which may be no earlier than ten days before the general meeting of shareholders.

In order to have the right to attend and vote at a general meeting of shareholders, a shareholder must be registered in the register of shareholders maintained by Euroclear Finland no later than eight business days prior to the relevant general meeting of shareholders. See "*Finnish Securities Markets—Finnish Book-entry Securities System*." A beneficial owner wishing to attend and vote at the general meeting of shareholders should seek a temporary registration in the register of shareholders maintained by Euroclear Finland by the date announced in the notice to the general meeting of shareholders, which date must be after the record date of the general meeting of shareholders. A notification for temporary registration of a beneficial owner into the shareholder register of the company is considered a notice of attendance at the general meeting of shareholders. There are no quorum requirements for general meetings of shareholders in the Finnish Companies Act or in the articles of association of the Company.

Voting Rights

A shareholder may attend and vote at a general meeting of shareholders in person or by way of proxy representation. Each Share entitles its holder to one vote at the general meeting of shareholders. If a shareholder's shares are registered in more than one book-entry account, the shareholder has a right to use different proxy representatives for each book-entry account. At a general meeting of shareholders, resolutions are generally passed with the majority of the votes cast. However, certain resolutions, such as any deviations from shareholders' pre-emptive rights in respect of share offerings and repurchases of own shares, amendments to the articles of association and resolutions regarding mergers, demergers or liquidation of a company, require at least two thirds of the votes cast and the shares represented at the general meeting of shareholders. In addition, certain resolutions, such as amendments to the articles of association that change the respective rights of shareholders holding the same class of shares or increase the redemption rights of a company or its shareholders, require the consent of all shareholders, or where only certain shareholders are affected, the consent of all the shareholders affected by the amendment, in addition to the applicable majority requirement.

Dividends and Other Distributions of Funds

In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited liability company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the general meeting of shareholders has adopted the company's financial statements and resolved on the amount of dividend or other distribution of unrestricted equity based on the proposal by the Board of Directors of the company. Pursuant to the Finnish Companies Act, the payment of a dividend or other distribution of unrestricted equity may also be based on financial statements other than that for the preceding financial year, provided that such financial statements have been adopted by the general meeting of shareholders. If the company has an obligation to elect an auditor pursuant to law or its articles of association, the financial statements must be audited. The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a general meeting of shareholders of the company. Pursuant to the Finnish Companies Act, the general meeting of shareholders may also authorize the Board of Directors to resolve upon payment of dividends and other distributions of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount stipulated by the general meeting of shareholders.

Under the Finnish Companies Act, the equity of a company is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value reserve and the revaluation reserves according to the Finnish Accounting Act (1336/1997, as amended) as well as any possible reserve fund and share premium fund formed under the previous

Finnish Companies Act (734/1978, as amended) effective prior to September 1, 2006. Pursuant to the current Finnish Companies Act, a company may also distribute funds by reducing its share capital, which requires the approval of the majority of votes cast at a general meeting of shareholders of the company. A decision regarding the share capital reduction must be registered in the Trade Register within one month from the general meeting of shareholders of the company that resolved on such share capital reduction. Following the registration of the share capital reduction, a creditor hearing process may be commenced and the Trade Register will issue, upon application of the company, a notice to the creditors of the company. The reduction of the share capital may be registered if none of the creditors of the company has opposed the reduction of the share capital or the company has received a confirmatory judgment to the effect that the opposing creditors have either received payment for their receivables or a securing collateral has been placed by the company for the payments of such receivables.

The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial position of the company after the financial statements have been prepared. Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent. Distributable funds include the profit for the preceding financial year, retained earnings from previous financial years and other unrestricted equity, adjusted for the loss set forth in the balance sheet, the amounts that are to be left undistributed under the articles of association of the company and certain other undistributable funds. A parent company of a consolidated group of companies may not distribute more than the amount of distributable funds shown on the parent company's latest audited and adopted financial statements. The dividend may not exceed the amount proposed or otherwise accepted by the Board of Directors, unless so requested at the general meeting of shareholders by shareholders representing at least one tenth of all of the issued and outstanding shares in the company, in which case, the dividend can be no more than the lesser of (i) at least one half of the profit for the preceding financial year less the amount to be left undistributed under the articles of association of the company (if any) and (ii) the amount of distributable funds as described above. However, in such case, the dividend cannot exceed 8 percent of the total equity of the company and the distributable amount must be adjusted for any dividends paid during the accounting period before the annual general meeting of shareholders.

Dividends and other distributions of funds are paid to shareholders or their nominees entered in the register of shareholders on the relevant record date. Such register is maintained by Euroclear Finland through the relevant book-entry account operators. Under the Finnish book-entry securities system, dividends are paid by account transfers to the accounts of the shareholders appearing in the register. All shares in the Company carry equal rights to dividends and other distributions of funds by the Company (including distributions of assets in the event of the liquidation of the Company).

The right to dividends is forfeited three years from the payment date of the dividends, after which the funds reserved for the payment of the dividends remain in the Company.

For information relating to taxation of dividends, see "*Taxation*."

Treasury Shares

Pursuant to the Finnish Companies Act, a company can repurchase its own shares. Resolutions regarding the repurchase of a company's own shares must be made by the general meeting of shareholders, unless the general meeting of shareholders has authorized the Board of Directors to resolve upon share repurchases using unrestricted equity. Any such authorization with regard to a public limited liability company may remain in effect for no more than 18 months. A public limited liability company may not, directly or indirectly, own more than 10 percent of all the shares in the company. As at the date of this Offering Circular, the Company holds no own Shares in treasury.

Transfers through the Finnish Book-entry System

Upon a sale of shares through the Finnish book-entry securities system, the relevant shares are transferred from the seller's book-entry account to the purchaser's book-entry account as an account transfer. For the sale, allocation data is recorded into Euroclear Finland's Infinity 2 clearing system and, if necessary, a provision regarding the book-entry security is made to the book-entry account. The sale is registered as an advance transaction until settlement and payment, after which the purchaser is automatically registered in the register of shareholders of the relevant company. If the shares are registered in the name of a nominee and the seller's and purchaser's shares are deposited in the same custodial nominee account, a sale of shares does not require any entries into the Finnish book-entry securities system, unless the nominee changes or the shares are transferred from the custodial nominee account pursuant to the sale.

Foreign Exchange Control

Shares in a Finnish company may be purchased by non-residents of Finland without any separate Finnish exchange control consent. Non-residents may also receive dividends without separate Finnish exchange control consent, the transfer of assets out of Finland being subject to payment by the company of withholding taxes in the absence of an applicable tax treaty preventing the levying of such taxes. Non-residents having acquired shares in a Finnish limited liability company may receive shares pursuant to a bonus issue or through participation in a rights issue without separate Finnish exchange control consent. Shares in a Finnish company may be sold in Finland by non-residents, and the proceeds of such sale may be transferred out of Finland in any convertible currency. There are no Finnish exchange control regulations restricting the sale of shares in a Finnish company by non-residents to other non-residents.

PLAN OF DISTRIBUTION

Placing Agreement

Nordea acts as the Global Coordinator of the Offering. The Company and the Global Coordinator are expected to enter into the Placing Agreement on or about November 30, 2022. Under the terms and conditions of the Placing Agreement, the Company undertakes to issue New Shares to investors procured by the Global Coordinator, and the Global Coordinator undertakes, subject to certain conditions, to procure subscribers for the New Shares.

The Placing Agreement will include customary conditions that entitle the Global Coordinator to terminate the Placing Agreement in certain situations and with certain preconditions. Such situations include certain material adverse changes in the Company's business, financial position, results of operations or the Company's prospects, as well as certain changes in, among others, national or international market, political or economic conditions. Furthermore, the Company will give customary representations and warranties to the Global Coordinator related to, among others, its business, compliance with laws and regulations, the Shares and the content of this Offering Circular. According to the Placing Agreement, the Company will commit, among others, to indemnify the Global Coordinator for certain costs and liabilities and to reimburse the Global Coordinator for certain costs incurred in connection with the Offering.

The Offering consists of (i) the Public Offering, (ii) the Institutional Offering, and the Personnel Offering. In the Institutional Offering, the Offer Shares are offered for subscription to institutional investors in Finland and internationally in certain countries outside the United States in compliance with Regulation S. The Offer Shares have not been, and will not be, registered in under the U.S. Securities Act.

Over-allotment Option

The Company is expected to grant to the Global Coordinator an over-allotment option, which would entitle the Stabilizing Manager to subscribe for a maximum of 478,080 Optional Shares at the Subscription Price solely to cover any over-allotments in connection with the Offering. The Over-allotment Option is exercisable within 30 days from the commencement of trading in the Shares on Nasdaq Helsinki (*i.e.*, on or about the period between December 1, 2022, and December 30, 2022). The Optional Shares represent approximately 2.7 percent of the Shares and votes vested by the Shares prior to the Offering and approximately 2.1 percent after the Offering assuming that assuming that the Company will issue 5,258,881 Offer Shares. However, the number of Optional Shares will not in any case represent more than 10 percent of the aggregate number of New Shares.

Stabilization

The Stabilizing Manager may, but is not obligated to, engage in measures during the Stabilization Period that stabilize, maintain or otherwise affect the price of the Shares. The Stabilizing Manager may allocate a larger number of Shares than the total number of Offer Shares, which will create a short position. The short position will be covered if it does not exceed the number of Optional Shares. The Stabilizing Manager is entitled to close the covered short position by exercising the Over-allotment Option and/or by acquiring Shares on the market. In determining the acquisition method of the Shares to cover the short position, the Stabilizing Manager may consider, among other things, the market price of the Shares in relation to the Subscription Price. In connection with the Offering, the Stabilizing Manager may also bid for and purchase Shares in the market to stabilize the market price of the Shares. These measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or may prevent or delay any decrease in the market price of the Shares. However, stabilization measures cannot be carried out at a price higher than the Subscription Price. The Stabilizing Manager has no obligation to carry out these measures, and it may stop any of these measures at any time. The Stabilizing Manager or the Company on behalf of the Stabilizing Manager will publish information regarding the stabilization required by legislation or other applicable regulations at the end of the Stabilization Period. The stabilization measures can be conducted on Nasdaq Helsinki during the Stabilization Period.

Any stabilization measures will be conducted in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (the "**Market Abuse Regulation**") and Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy back programs and stabilization measures.

The Stabilizing Manager and the Company are expected to agree on a share issue and share return arrangement related to stabilization in connection with the Offering. Pursuant to such arrangement, the Stabilizing Manager may subscribe for a number of Additional Shares equal to the maximum number of Optional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilizing Manager subscribes for the Additional Shares, it must return an equal number of Shares to the Company for redemption and cancellation by the Company.

Lock-up

The Company is expected to commit during the period that will end 180 days from the Listing, without the prior written consent of the Global Coordinator, not to issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities they hold entitling to Shares or exchangeable for or convertible into or exercisable for Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise. The lock-up does not apply to the measures related to the execution of the Offering.

The current largest shareholders of the Company are expected to enter into a lock-up agreement with similar terms to that of the Company that will end 180 days from the Listing.

The members of the Board of Directors of the Company and the members of the executive board of the Company are expected to enter into a lock-up agreement with similar terms to that of the Company and the current largest shareholders of the Company that will end 360 days from the Listing.

According to the terms and conditions of the Personnel Offering, the Personnel participating in the Personnel Offering must agree to comply with a lock-up with similar terms to that of the Company and the current largest shareholders of the Company that will end 360 days from the Listing.

The members of Koskisen's Personnel who subscribed for the Shares in the Pre-IPO Personnel Offering have committed to a lock-up arrangement in relation to the Shares subscribed for in the Pre-IPO Personnel Offering. The lock-up period will end by a separate decision of the Board of Directors of the Company when two years have passed since the Board of Directors of the Company approved the subscriptions of the Shares in the Pre-IPO Personnel Offering, or when at least six months has passed from the Listing, whichever occurs later. The subscriptions were approved by the Board of Directors of the Company on September 29, 2022.

In aggregate, the terms of lock-up agreements apply to approximately 76.5 percent of the Shares after the Offering without the Over-allotment Option and the possible Offer Shares subscribed for by the Personnel in the Public Offering or the Institutional Offering (approximately 75.0 percent with the Over-allotment Option) assuming that the Company will issue 4,780,801 New Shares and that 72,332 New Shares are allocated in the Personnel Offering.

Subscription Undertakings

The Cornerstone Investors have given subscription undertakings in relation to the Offering, under which they commit to subscribe for Offer Shares at the Subscription Price subject to certain provisions and subject to the condition that the value of the Company's existing Shares does not exceed approximately EUR 109 million. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors are guaranteed the amounts of Offer Shares covered by the subscription undertakings.

The Cornerstone Investors have given the following subscription undertakings:

- Varma Mutual Pension Insurance Company EUR 5.0 million;
- Elo Mutual Pension Insurance Company EUR 5.0 million;
- Stephen Industries Inc Oy EUR 3.0 million; and
- UB Fund Management Company Ltd EUR 1.5 million.

Fees and Expenses

The Company will pay the Global Coordinator a fee that is determined on the basis of the gross proceeds from the New Shares and Optional Shares. In addition, the Company undertakes to reimburse the Global Coordinator for certain expenses.

In connection with the Offering, the Company expects to pay total fees and expenses of approximately EUR 4.9 million (assuming that the Over-allotment Option will not be exercised and that the discretionary fee will be paid in full).

Interests Related to the Offering

The fees to be paid to the Global Coordinator are, in part, linked to the proceeds from the Offering.

The Global Coordinator is among the lenders in the Company's Facilities Agreement.

The Global Coordinator, as well as other entities in the same group, may purchase and sell the Shares for their own or their customers' account prior to, during and after the Offering subject to applicable legislation and regulations. The Global Coordinator, as well as other entities in the same group, have provided and may in the future provide to the Company investment or other banking services in accordance with their ordinary business.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (as amended, "**MiFID II**"), (b) Articles 9 and 10 of the Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are (i) compatible with an end target market of retail investor and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Target Market Assessment**"), and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II. Distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements in any contractual, legal or regulatory selling restrictions in relation to the Offering.

The Target Market Assessment does not constitute (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, obtain, or take any other action concerning the Shares. Each distributor is responsible for its own Target Market Assessment in respect of the Shares and determining the appropriate distribution channels.

SELLING AND TRANSFER RESTRICTIONS

Selling Restrictions

General

No public offer is being made and no one has taken any action that would, or is intended to, permit a public offering of the Offer Shares to be made in any country or jurisdiction, other than Finland, where any such action for that purpose is required.

Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material nor advertisement in connection with the Offer Shares may be distributed or published in or from any country or jurisdiction except in compliance with applicable rules and regulations of such country or jurisdiction. It is the responsibility of any person who receives a copy of this document to satisfy himself or herself as to full observance of the laws of any relevant territory with respect to any actions he or she may take, including the obtaining of any requisite governmental or other consent or the observance of any requisite formalities and the payment of any issue, transfer or other taxes due in such territory.

United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Offer Shares are only to be offered and sold outside the United States in offshore transactions in compliance with Regulation S.

European Economic Area

The Offering consists of a public offering in Finland. In relation to each member state of the European Economic Area ("**EEA**") (each a "**Member State**"), no Offer Shares have been offered or will be offered pursuant to the Offering to the public in that Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except that offers of Offer Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Global Coordinator for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offer Shares shall require the Company or the Global Coordinator to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Offer Shares.

United Kingdom

No Offer Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Offer Shares that has been approved by the Financial Conduct Authority, except that the Offer Shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Global Coordinator for any such offer; or

(c) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 (the "**FSMA**"),

provided that no such offer of the Offer Shares shall require the Company or the Global Coordinator to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Offer Shares and the expression “**UK Prospectus Regulation**” means the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

In the United Kingdom, this Offering Circular is addressed to and directed only at parties who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom this Offering Circular may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). The Offer Shares are only available to, and any invitation, offer, or agreement to subscribe for, purchase or otherwise acquire Offer Shares in the United Kingdom will be engaged only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Offering Circular or any of its contents.

Transfer Restrictions

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Offer Shares are only to be offered and sold outside the United States in offshore transactions in compliance with Regulation S.

Each purchaser of Offer Shares will be deemed to have represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is purchasing Offer Shares in an offshore transaction meeting the requirements of Regulation S;

(2) the purchaser has not purchased the Offer Shares as a result of any “directed selling efforts” as defined in Regulation S;

(3) the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;

(4) the purchaser will not offer, sell, pledge, or transfer any Offer Shares, except in accordance with the U.S. Securities Act and any applicable laws of any state of the United States and any other jurisdictions; and

(5) the Company will not recognize any offer, sale, pledge or other transfer of the shares made other than in compliance with the above-stated restrictions.

Furthermore, each purchaser in a Member State, other than, in the case of paragraph (a) below, persons receiving offers contemplated in this Offering Circular in Finland who receive any communication in respect of, or who acquire any Offer Shares under, the Offering contemplated in this Offering Circular, will be deemed to have represented and agreed that:

(a) the purchaser is a qualified investor as defined under Article 2 of the Prospectus Regulation; and

(b) in the case of any Offer Shares acquired by the purchaser as a financial intermediary, (i) the Offer Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or in circumstances in which the prior consent of the Global Coordinator has been given to the offer and resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Regulation as having been made to such persons.

FINNISH SECURITIES MARKETS

The following summary is a general description of the Finnish securities markets and it is based on the laws of Finland as in effect as at the date of this Offering Circular. The following summary is not exhaustive.

Trading on Nasdaq Helsinki

The currency for trading in, and clearing of, securities on Nasdaq Helsinki is euro, with the tick size for trading quotations depending on the share price. All price information is produced and published only in euro. Trading in the equities market on Nasdaq Helsinki takes place in the automated INET Nordic trading platform in which orders are matched as trades when the price, volume and other conditions match. The main trading phases in the equities market of Nasdaq Helsinki are pre-trading session, continuous trading and post-trading session. For shares, pre-trading session begins at 9:00 a.m. and ends at 9:45 a.m. during which orders may be placed, changed or cancelled. The opening call begins at 9:45 a.m. and ends at 10:00 a.m. Orders entered during the pre-trading session and existing orders, which may be valid for several days' are automatically transferred into the opening call. Continuous trading begins immediately after the opening call ends at 10:00 a.m. and continues until 6:25 p.m. The closing call begins at 6:25 p.m. and ends at approximately 6:30 p.m., when the closing prices are determined and continuous trading ends. In post-trading session between 6:30 p.m. and 7:00 p.m., only contract trades for shares can be registered at the price established during the trading day. Trades are normally cleared in Euroclear Finland's Infinity 2 clearing and settlement system on the second business day after the trade date (T+2) unless otherwise agreed by the parties. Nasdaq Helsinki is a part of the Nasdaq group, which owns and maintains the stock exchanges also, among others, in Stockholm, Copenhagen and Iceland. Nasdaq Nordic consists of four local stock exchanges in Helsinki, Iceland, Copenhagen and Stockholm. The companies listed on these four exchanges are presented on one common list – the Nordic List – with harmonized listing requirements. Companies are presented in segments based on market value and in sectors according to industry affiliation.

Regulation of the Finnish Securities Markets

The securities market in Finland is supervised by the FIN-FSA. The primary statutes governing the Finnish securities markets are the Finnish Securities Markets Act, which contains provisions with respect to, among others, company and shareholder disclosure obligations and public tender offers, the Prospectus Regulation, which contains provisions with respect to, among others, the content and format of prospectuses and the Market Abuse Regulation, which contains regulations with respect to, among others, insider dealing, unlawful disclosure of inside information, market manipulation and public disclosure of inside information. The regulation governing the admission of securities and other financial instruments into public trading and the trading in listed financial instruments is compiled under the Act on Trading in Financial Instruments (1070/2017, as amended). The FIN-FSA may issue more detailed regulation pursuant to the Finnish Securities Markets Act and other acts. The role of the FIN-FSA is to monitor compliance with these regulations.

The Finnish Securities Markets Act and the Market Abuse Regulation specify minimum disclosure requirements for companies applying to have their shares listed on Nasdaq Helsinki or who offer their securities to the public in Finland. The information provided must be sufficient to enable a potential investor to make a sound evaluation of the securities being offered and the issuing company as well as of matters that may have a material effect on the value of the securities. In addition, an issuer has a continuing obligation to publish financial information on the company and, according to the Market Abuse Regulation, to inform the public as soon as possible of inside information, which directly concerns the issuer. Insider information must be made public in a manner that enables fast access and complete, correct and timely assessment of the information by the public.

A shareholder is required, without undue delay, to notify a listed company and the FIN-FSA when its voting interest in, or its percentage ownership of, the total number of shares in such listed company reaches, exceeds or falls below 5 percent, 10 percent, 15 percent, 20 percent, 25 percent, 30 percent, 50 percent, 66⅔ percent (two thirds) or 90 percent, calculated in accordance with the Finnish Securities Markets Act, or when it has on the basis of a financial instrument the right to receive an number of shares that reaches, exceeds or falls below any such threshold or, when the combined holding based either on direct holding or holding through financial instruments reaches, exceeds or falls below the flagging threshold. Financial instrument also refers to financial instruments the value of which is determined on the basis of the company's share and which have a similar economic effect as a financial instrument that entitles its holder to receive the company's shares. A flagging notification must be made regardless of whether the underlying asset of the financial instrument will be settled physically or in cash. The notification must be submitted without an undue delay, however no later than on the following trading day after the shareholder was informed or should have known about such a change in the shareholder's voting rights or ownership. The shareholder will be deemed to have been informed of the said transaction no later than two trading days after the transaction. Upon receiving information that a shareholder's voting interest or ownership interest has reached, exceeded or fallen below any of these thresholds, a listed company must publish such information by way of a stock exchange release. If a shareholder has violated its obligation to notify on voting interest or ownership, the FIN-FSA may due to a weighty reason prohibit the shareholder from using its right to vote and to be presented in the general meeting of shareholders for the shares to which the violation relates.

Pursuant to the Finnish Securities Markets Act, a shareholder whose holding in a listed company increases, after the shares have been entered into trading on the regulated market, above 30 percent or above 50 percent of the total voting rights attached to the shares in the company, calculated in accordance with the Finnish Securities Markets Act, must make a public tender offer to purchase the remaining shares and other securities entitling holders to shares in such company for fair value. If the securities that caused the above-described limits to be reached have been purchased pursuant to a public tender offer that has been made for all shares in the target company and other securities entitling holders to shares in such company or have been otherwise acquired during the tender offer period of such public tender offer, the obligation to make a tender offer is not triggered. If a company has two or more shareholders whose holdings of voting rights exceed the above-described limit, only the shareholder with the most voting rights is required to make a tender offer. If a shareholder exceeds the above-described limit due solely to acts of the company or another shareholder, such shareholder is not required to make a tender offer before purchasing or subscribing for more shares in the target company or otherwise increasing its holding of voting rights in the target company. If the above-described limit is exceeded due to the shareholders acting in concert when making a voluntary tender offer, the obligation to make a tender offer is not triggered if acting in concert is limited only to such tender offer. There is no obligation to make a tender offer if a shareholder or another party who is acting in concert with such shareholder gives up its voting rights in excess of the above-described limit within one month after such limit was exceeded provided that the shareholder publishes its intention and voting rights are not used during such time. Pursuant to the Finnish Companies Act, a shareholder with shares representing more than 90 percent of all shares and voting rights attached to all shares in a company has the right to redeem remaining shares in such company for fair value. In addition, a minority shareholder that possesses shares that may, under the Finnish Companies Act, be redeemed by a majority shareholder as described above, is entitled to demand such majority shareholder to redeem its shares. Detailed rules have been set for the calculation of the above proportions of shares and votes.

Under the Finnish Securities Markets Act, a listed company must directly or indirectly belong to an independent body, established in Finland, that broadly represents the business sector which has, in order to promote compliance with good securities markets practice, issued a recommendation which relates to the actions of the management of the target company regarding a public tender offer (the "**Helsinki Takeover Code**"). According to the Finnish Securities Markets Act, a listed company must provide an explanation in case it is not committed to complying with the Helsinki Takeover Code.

Net short positions relating to shares tradable on Nasdaq Helsinki must be disclosed to the FIN-FSA in accordance with the Regulation (EU) No. 236/2012 of the European Parliament and of the Council on short selling and certain aspects of credit default swaps. The obligation to disclose net short positions applies to all investors and market participants. A net short position regarding shares admitted to trading on a regulated market must be disclosed when the position reaches, exceeds or falls below 0.2 percent of the issued share capital of the target company. A new notification must be disclosed for each 0.1 percentage point exceeding the above threshold. The FIN-FSA publishes the notified net short positions on its website, if the net short position reaches, exceeds or falls below 0.5 percent of the issued share capital of the target company.

The Finnish Penal Code (39/1889, as amended) criminalizes the breach of disclosure requirements, the misuse of inside information, unauthorized disclosure of inside information and market manipulation. Pursuant to the Market Abuse Regulation, the Finnish Securities Markets Act and the Finnish Act on the Financial Supervisory Authority (878/2008, as amended), the FIN-FSA has the right to impose administrative sanctions to the extent the offence does not fall within the scope of the Finnish Penal Code. The FIN-FSA can, for example, issue a public warning or impose administrative fines or monetary penalties for the breach of disclosure requirements, public tender offer, insider register or market abuse provisions. The disciplinary board of Nasdaq Helsinki may give a warning or note or impose a disciplinary fine or order the company to be removed from the stock exchange list.

Finnish Book-entry Securities System

General

Any issuer established in the EU that issues or has issued transferable securities which are admitted to trading or traded on trading venues, shall arrange for such securities to be represented in book-entry form. The issuer has the right to choose the central securities depository in which its securities are recorded. The central securities depository maintains the book-entry system. Euroclear Finland acts as the central securities depository in Finland as at the date of this Offering Circular. Euroclear Finland maintains a book-entry securities register for, among others, equity and debt securities. The registered office of Euroclear Finland is Urho Kekkosen katu 5C, FI-00100, Helsinki, Finland.

Shareholders' registers must be maintained for issuers in the Finnish central securities depositary. In accordance with Regulation on Central Securities Depositories (EU) No 909/2014, as amended, the central securities depositories are not obliged to offer shareholders book-entry accounts sponsored by issuers free of charge, but a central securities depository may offer such free accounts sponsored by issuers based on a voluntary business decision.

Registration

Shareholders of all companies registered in the book-entry securities system must establish a book-entry account with an account operator or register its securities through nominee registration in order to effect share entries. A Finnish shareholder may not hold his/her shares through nominee registration in the Finnish book-entry system. For shareholders who have not transferred their shares into book-entries, a joint book-entry account is opened with Euroclear Finland with the issuer as registered holder. All transfers of securities registered with the book-entry securities system are executed as computerized book-entry transfers to the extent they are executed in the book-entry securities system. The account operator confirms the book-entry by sending a statement of book-entries made to the holder of the respective book-entry account at least four times a year. The book-entry account holders also receive an annual statement of their holdings at the end of each calendar year.

Each book-entry account is required to contain information with respect to the account holder and other holders of rights to the book-entries entered into the account as well as information on the account operator administering the book-entry account. The required information also includes the type and number of book-entries registered as well as the rights and restrictions pertaining to the account and to the book-entries registered in the account. A custodial nominee account is identified as such on the entry. Euroclear Finland and the account operators are responsible for maintaining the confidentiality of the information they receive. The company must, however, keep the shareholders' register available to anyone at the company's head office or, when the shares of the company are entered into the book-entry securities system, at the office of the central securities depository in Finland. The FIN-FSA is also entitled to certain information on the holdings of shares registered in a custodial nominee account upon request.

Each account operator is liable for errors and omissions in its registration activity, and for any breach of data protection. If an account holder has suffered a loss as a result of a faulty registration or other mistake or defect relating to the entries and the account operator has not compensated such loss, such account holder is entitled to receive compensation from the statutory registration fund of Euroclear Finland. The capital of the registration fund must be at least 0.0048 percent of the average of the total market value of the book-entries kept in the book-entry securities system during the last five years and it must not be less than EUR 20 million. The compensation to be paid to an injured party is equal to the amount of damages suffered subject to a limit of EUR 25,000 per account operator. The liability of the registration fund to pay damages in relation to each incident is limited to EUR 10 million.

Custody of Shares and Nominee Registration

A non-Finnish shareholder may appoint an account operator (or certain other Finnish or non-Finnish organization approved by the central securities depository) to act as a custodial nominee account holder on its behalf. The book-entry securities of a foreigner, foreign entity or trust may be deposited in a custodial nominee account, where the book-entry securities are registered in the name of a custodial account holder in the company's register of shareholders. A custodial nominee account must contain information on the custodial account holder instead of the beneficial owner and indicate that the account is a custodial nominee account. Book-entry securities owned by one or more beneficial owners may be registered in a custodial nominee account. In addition, the shares owned by a foreigner, foreign entity or trust may be registered in a book-entry account opened in the name of such foreigner, foreign entity or trust, but the holding may be registered in the name of a nominee in the company's register of shareholders.

A custodial nominee account holder is entitled to receive dividends on behalf of the shareholder. A nominee-registered shareholder wishing to attend and vote at the general meeting of shareholders should temporarily register the shares in their own name in the shareholders' register kept by Euroclear Finland at the latest on the date mentioned in the notice to the general meeting of shareholders, which must be after the record date of the general meeting of shareholders. Upon request by the FIN-FSA or the relevant company, a custodial nominee account holder is required to disclose the name of the beneficial owner of any shares registered in such custodial nominee's name, provided the beneficial owner is known, as well as the number of shares owned by such beneficial owner. If the name of the beneficial owner is not known, the custodial nominee account holder is required to disclose corresponding information on the representative acting on behalf of the beneficial owner and to submit a written declaration of the representative to the effect that the beneficial owner of the shares is not a Finnish natural person or legal entity.

A shareholder wishing to hold his/her shares in the book-entry securities system in his/her own name, but who does not maintain a book-entry account in Finland, is required to open a book-entry account at an account operator as well as a bank account denominated in euros in Finland.

Compensation Fund for Investors and Deposit Insurance Fund

The Finnish Act on Investment Services (747/2012, as amended) sets forth a compensation fund for investors. Under such act, investors are divided into professional and non-professional investors. The fund does not compensate any losses by professional investors. The definition of professional investor includes business enterprises and public entities, which are deemed to understand the securities markets and their associated risks. An investor may also provide notice in writing that, on the basis of his/her professional skills and experience in the securities markets, he/she is a professional investor, however, natural persons are generally presumed to be non-professional investors. Investment firms and credit institutions must belong to the compensation fund. The compensation fund safeguards payment of clear and indisputable claims of investors when an investment company or a credit institution has been declared bankrupt, is undergoing a restructuring process or is otherwise, for a reason other than temporary insolvency, not capable of paying claims within a determined period of time. For valid claims, the compensation fund will pay 90 percent of the investor's claim against each investment company or credit institution, up to a maximum of EUR 20,000. The compensation fund does not provide compensation for losses due to decreases in stock value or bad investment decisions. Accordingly, investors continue to be liable for the consequences of their own investment decisions. According to the Finnish Act on Financial Stability Authority (1195/2014, as amended), depositary banks must belong to a deposit guarantee scheme, which is intended to safeguard payments of receivables in the depositary bank's account or receivables in the forwarding of payments that have not yet been entered into an account if the depositary bank becomes insolvent and the insolvency is not temporary. The customers of a depositary bank can be compensated by the deposit insurance fund up to a maximum of EUR 100,000. An investor's funds can be safeguarded either by the deposit insurance fund or the compensation fund, however, an investor's funds cannot be safeguarded by both funds at the same time.

TAXATION

The following summary is based on the tax laws of Finland as in effect and applied as at the date of this Offering Circular as well as on the current case law and tax practice. Any changes in tax laws, case law or tax practice may also have a retroactive effect on taxation. The following summary is not exhaustive and does not take into account or discuss the tax laws, case law or tax practice of any country other than Finland. The following summary does not address tax considerations applicable to such holders of Shares that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, non-business carrying entities, income tax-exempt entities, investment funds, general or limited partnerships, or individuals holding shares through share saving accounts. Furthermore, this description does not address Finnish inheritance or gift tax consequences. In addition to the tax laws of Finland, the tax laws of the countries in which prospective investors are resident may affect the income from the Shares, and prospective investors are advised to consult professional tax advisors as to the tax implications relating to the purchase, ownership and disposition of Shares. Prospective investors, whose taxation may be impacted by the tax laws of other countries, should consult tax advisers as to the tax implications related to their individual circumstances.

Finnish Tax Considerations

The following is a description of the material Finnish income tax and transfer tax consequences that may be relevant with respect to the Offering. The description below is applicable to both Finnish resident and non-resident natural persons and limited liability companies for the purposes of Finnish domestic tax legislation relating to dividend distributions and capital gains arising from the sale of Shares.

This description is primarily based on:

- The Finnish Income Tax Act (*tuloverolaki* 1535/1992, as amended, the "**Finnish Income Tax Act**");
- The Finnish Business Income Tax Act (*laki elinkeinotulon verottamisesta* 360/1968, as amended, the **Finnish Business Income Tax Act**");
- The Finnish Act on the Taxation of Non-residents' Income (*laki rajoitetusti verovelvollisen tulon verottamisesta* 627/1978, as amended);
- The Finnish Transfer Tax Act (*varainsiirtoverolaki* 931/1996, as amended); and
- The Finnish Tax Assessment Procedure Act (*verotusmenettelylaki* 1558/1995, as amended, the "**Finnish Tax Assessment Procedure Act**").

In addition, relevant case law as well as decisions and statements made by the tax authorities in effect and available as at the date of this Offering Circular have been taken into account. Tax legislation, case law and statements given by tax authorities are subject to change, which could apply retroactively and could, therefore, affect the tax consequences described below.

General

Residents and non-residents of Finland are treated differently for tax purposes. The worldwide income of persons resident in Finland is subject to taxation in Finland. Non-residents are only taxed on income from Finland. Additionally, Finland imposes taxes on non-residents for income connected with their permanent establishments in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and also the right to tax income received from Finland by a non-resident.

Generally, a natural person is deemed to be a resident in Finland if such person remains in Finland for a continuous period of more than six months or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure unless they can demonstrate that no substantial ties between them and Finland have existed during the relevant tax year.

Earned income, including salary, is taxed at progressive rates.

Currently, the capital income tax rate is 30 percent. In addition, should the amount of capital income received by a resident natural person exceed EUR 30,000 in a calendar year, the capital income tax rate is 34 percent on the amount that exceeds EUR 30,000. Corporate entities established under the laws of Finland are regarded as residents in Finland and are, therefore, subject to corporate income tax on their worldwide income. In addition, non-residents are subject to Finnish corporate income tax on their income connected with their permanent establishments situated in Finland. Currently, the corporate income tax rate is 20 percent.

Distribution of funds from a reserve for unrestricted equity (in accordance with Chapter 13, Section 1, Subsection 1 of the Finnish Companies Act) by a public listed company pursuant to Section 33a, Subsection 2 of the Income Tax Act (a "**Listed Company**") is taxable as dividend. Therefore, the description below addressing the tax implications of dividends is also applicable with respect to distribution of funds from a reserve for unrestricted equity.

The following is a summary of certain Finnish tax consequences relating to the purchase, ownership and disposal of Shares by Finnish resident and non-resident shareholders.

Taxation of Dividends

Resident Natural Persons

If shares owned by a natural person are not included in the business activity (*i.e.*, business income source) of such person, 85 percent of dividends paid by a Listed Company to such shareholder is taxable as capital income at the rate of 30 percent (34 percent on the amount that exceeds EUR 30,000 in a calendar year), while the remaining 15 percent is tax-exempt. Eighty-five percent of dividends paid by a Listed Company to a natural person whose underlying shares belong to the business activity of such shareholder is as a main rule taxable partly as earned income, which is taxed at progressive rates, and partly as capital income, which is taxed at a rate of 30 percent (34 percent rate on the amount that exceeds EUR 30,000 in a calendar year), and the remaining 15 percent is tax-exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. Currently, the amount of the advance tax withholding is 25.5 percent. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received. Resident natural persons must review, and correct, if necessary, the amount of dividend income and the advance tax withheld on their pre-completed income tax return form.

A 50 percent withholding tax is withheld on the nominee account's dividends if the company paying the dividend or the registered custodian cannot identify the recipient of the dividend as non-resident in Finland. For more information on non-residents' taxation, see "*—Non-residents*" below.

Finnish Limited Liability Companies

Taxation of dividends distributed by a Listed Company depends, among other things, on whether the Finnish company receiving the dividend is a Listed Company or not.

Dividends received by a Listed Company from another Listed Company are generally tax-exempt. However, in cases where the underlying shares are included in the investment assets of the shareholder, 75 percent of the dividend is taxable income while the remaining 25 percent is tax-exempt. Only financing, insurance and pension institutions may have investment assets.

Dividends received by a Finnish company that is not a Listed Company (*i.e.*, a privately held company) from a Listed Company are fully subject to corporate income tax. However, in cases where the privately held company directly owns 10 percent or more of the share capital of the Listed Company distributing the dividend, the dividend received on such shares is tax-exempt. However, if a non-listed company receives a dividend on shares of a Finnish company included in its investment assets, 75 percent of the dividend is taxable income and 25 percent is tax-exempt regardless of the ownership threshold.

Non-residents

As a general rule, non-residents of Finland are subject to Finnish withholding tax on dividends paid by a Finnish company. The withholding tax is withheld by the company distributing the dividend at the time of dividend payment and no other taxes on the dividend are payable in Finland. The withholding tax rate is 20 percent for non-resident corporate entities as income receivers and 30 percent for all other non-residents as income receivers. The withholding tax may be reduced or removed under an applicable treaty for the avoidance of double taxation (the "**Tax Treaty**"). As of January 1, 2021, the withholding tax rate is generally 35 percent for dividends paid by a Listed Company to nominee-registered shares, as further described below.

Finland has entered into Tax Treaties with several countries pursuant to which the withholding tax rate is reduced on dividends paid to persons entitled to the benefits under such treaties. For example, in the case of the treaties with the following countries, Finnish withholding tax rate regarding dividends of portfolio shares is generally reduced to the following percentages: Austria: 10 percent; Belgium: 15 percent; Canada: 15 percent; Denmark: 15 percent; France: 0 percent; Germany: 15 percent; Ireland: 0 percent; Italy: 15 percent; Japan: 15 percent; the Netherlands: 15 percent; Norway: 15 percent; Spain: 15 percent; Sweden: 15 percent; Switzerland: 10 percent; the United Kingdom: 0 percent; and the United States: 15 percent (0 percent for certain pension funds). This list is not exhaustive. A further reduction in the withholding tax rate is available under most Tax Treaties to corporate shareholders for dividend distributions on qualifying holdings (usually direct ownership of at least 10 percent or 25 percent of the share capital or votes of the distributing company). The reduced withholding rate benefit in an applicable Tax Treaty will be available if the person beneficially entitled to the dividend has provided a valid tax card or necessary details of its nationality and identity to the company paying the dividend.

Where shares in a Finnish company are held through a nominee account, the Finnish company pays dividends to the nominee account managed by the custodian, who then delivers the dividend payment to the beneficial owner. A withholding tax of 35 percent is generally applied on dividend distributions by Listed Companies, unless custodians fulfil certain strict requirements and are willing to take over certain responsibilities (including, for example, registration with the Finnish Tax Administration (a so-called authorized intermediary), identification of the beneficial owner of the dividend and collecting and submitting detailed recipient information to the Finnish Tax Administration using specific filing procedures). Furthermore, application of reduced withholding tax rates at source require that the custodian and dividend distributor are willing to assume liability of incorrectly applied withholding tax. If the custodian only registers with the Finnish Tax Administration and submits (or undertakes to submit) the detailed recipient details to the Finnish Tax Administration, a 30 percent withholding tax rate can be applied instead of 35 percent.

Any tax withheld in excess can be reclaimed after the year of the dividend payment by submitting a refund application to the Finnish Tax Administration no later than by the end of the third calendar year following the dividend payment year. During the year of dividend payment, the refund can be processed if custodians and the dividend distributor fulfil the above-mentioned requirements laid down for actual dividend distribution. It is exceptionally also possible that any tax not withheld at source is later assessed directly to the shareholder by the Finnish Tax Administration, in case the failure to withhold tax at source is not due to negligence of the custodian or the dividend distributor.

Certain Qualifying Non-resident Corporate Entities Residing in EU Member States

Under Finnish tax laws, no withholding tax is levied on dividends paid to foreign corporate entities that reside, and are subject to corporate tax, in an EU member state as specified in Article 2 of the Parent Subsidiary Directive 2011/96/EU, as amended (the "**Parent Subsidiary Directive**"), and that directly hold at least 10 percent of the capital in the distributing Finnish company.

Certain Non-resident Corporate Entities Residing within the EEA

Dividends paid to certain non-resident corporate entities residing within the EEA may be either fully tax-exempt or taxed at a reduced withholding tax rate, depending on how the dividend would be taxed if paid to a corresponding Finnish corporate entity.

No withholding tax is levied on dividends paid by a Finnish company to a non-resident entity provided that (i) the entity receiving the dividend resides within the EEA; (ii) the Council Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation and Repealing Directive 77/799/EEC (the "**Mutual Assistance Directive**"), or an agreement regarding executive assistance and exchange of information in tax matters within the EEA is applicable to the home country of the recipient of the dividend; (iii) the corporate entity receiving the dividend corresponds to a Finnish corporate entity as defined in Section 33 d, Subsection 4, of the Finnish Income Tax Act or in Section 6 a of the Finnish Business Income Tax Act; (iv) the dividend would be fully tax-exempt if paid to such corresponding Finnish company or entity (see "—*Finnish Limited Liability Companies*" above): and (v) the company receiving the dividend provides evidence (in the form of a certificate issued by the home country's tax authorities) that the paid withholding tax could not *de facto* be fully credited in the home country pursuant to an applicable Tax Treaty.

Notwithstanding the above, dividend income is only partly tax-exempt if the shares in the distributing company belong to the investment assets of the recipient company and the recipient company is not a corporate entity defined in the Parent Subsidiary Directive holding directly at least 10 percent of the capital in the distributing company. In such situations, the current applicable withholding tax rate is 15 percent provided that (i) the company receiving the dividend is a resident in a country within the EEA; (ii) the Mutual Assistance Directive or an agreement regarding executive assistance and exchange of information in tax matters within the EEA is applicable to the home country of the recipient of the dividend; and (iii) the company receiving the dividend corresponds to a Finnish corporate entity as defined in Section 33 d, Subsection 4, of the Finnish Income Tax Act or in Section 6 a of the Finnish Business Income Tax Act. Depending on the applicable Tax Treaty, the applicable withholding tax rate can also be less than 15 percent (see "—*Non-residents*" above).

Certain Non-resident Natural Persons Residing within the EEA

Instead of being subject to withholding tax as described under "—*Non-residents*" above, dividends paid to non-resident natural persons can be, upon request by such non-resident natural person, taxed pursuant to the Finnish Tax Assessment Procedure Act (*i.e.*, taxed similarly to dividends paid to residents of Finland (see "—*Resident Natural Persons*" above)) provided, however, that (i) the person receiving the dividend is resident in a country within the EEA; (ii) the Mutual Assistance Directive, or an agreement regarding executive assistance and exchange of information in tax matters within the EEA, is applicable to the home country of the recipient of the dividend; and (iii) the recipient of the dividend provides evidence (in the form of a certificate issued by the home country's tax authorities) that any paid withholding tax could not *de facto* be fully credited in the home country pursuant to an applicable Tax Treaty.

Capital Gains

Resident Natural Persons

A capital gain or loss arising from the sale of shares that do not belong to the business activity of the shareholder is taxable in Finland as a capital gain or deductible as a capital loss for resident natural persons. Capital gains are currently taxed at a rate of 30 percent (34 percent on the amount that exceeds EUR 30,000 in a calendar year). If the shares belong to the business activity (business income basket) of the seller, any gain arising from the sale is deemed to be business income of the seller, which will as a main rule be divided according to the Finnish Income Tax Act to be taxed as earned income at progressive tax rates and capital income at a rate of 30 percent (34 percent rate on the amount that exceeds EUR 30,000 in a calendar year).

A capital loss arising from the sale of shares that do not belong to the business activity of the shareholder is deductible from the resident natural person's capital gains arising in the same year and during the following five tax years. The portion of capital loss not deducted from the capital gains for the tax year is deductible from the amount of net capital income before any other deductions are made (among others, tax deductible interest expenses and carry forward tax losses). However, capital loss does not entitle to deficit credit under the deficit crediting system. The deductibility of losses related to securities included in the seller's business activity is determined as described under "—*Finnish Limited Liability Companies*" below.

Notwithstanding the above, capital gains arising from the sale of shares that do not belong to the business activity of the shareholder are exempt from tax provided that the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax-exempt pursuant to Finnish tax laws). Correspondingly, capital losses are not tax deductible if the acquisition cost of all assets sold during the tax year does not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax-exempt pursuant to Finnish tax laws) and also the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000.

Any capital gain or loss is calculated by deducting the original acquisition cost and sales related expenses from the sales price. Alternatively, a natural person holding shares (or other assets) that are not included in the business activity of the shareholder may, instead of deducting the actual acquisition costs, choose to apply a so-called presumptive acquisition cost, which is equal to 20 percent of the sales price, or in the case of shares which have been held for at least ten years, 40 percent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any selling expenses are deemed to be included therein and cannot be deducted separately from the sales price.

Finnish Limited Liability Companies

The following applies only to Finnish limited liability companies that are taxed on the basis of the Finnish Business Income Tax Act. As a general rule, a capital gain arising from the sale of shares is taxable income of a limited liability company.

Shares may be fixed assets, current assets, investment assets, financial assets or other assets of a limited liability company. The taxation of a disposal of shares and loss of value varies according to the asset type for which the shares qualify.

The sales price of any sale of shares which belong in business assets is generally included in the taxable business income of a Finnish company. Correspondingly, the acquisition cost of shares is deductible from such company's business income upon disposal of the shares. Any capital gain or loss is calculated by deducting the original acquisition cost and sales related expenses from the sales price.

However, an exemption for capital gains on share disposals is available for Finnish companies, provided that certain strictly defined requirements are met. Under Section 6b of the Finnish Business Income Tax Act (so-called participation exemption) capital gains arising from the sale of shares that are part of the fixed assets of a selling company that is not engaged in private equity activities are not considered taxable business income and, correspondingly, capital losses incurred on the sale of such shares are not tax deductible, provided that (i) the seller has directly and continuously for at least one year owned at least 10 percent of the share capital in the company whose shares are sold and such ownership has ended at the most one year before the sale of shares; (ii) the company whose shares have been sold is not a real estate or residential housing company or a limited liability company whose activities, *de facto*, mainly consist of ownership or possession of real estate; and (iii) the company whose shares are sold is resident in Finland, in another EU member state as specified in Article 2 of the Parent Subsidiary Directive or is a company that is resident in a country with which Finland has entered into a Tax Treaty that is applicable to dividends. In addition, in Finnish case law tax exemption in share disposals has required, among others, that there is a business connection between the company disposing shares and the company whose shares are disposed of. Sales proceed is, however, taxable to the extent the difference on the sales proceed and non-tax depreciated acquisition cost relates to the tax depreciation made on the shares.

Tax deductible capital losses pertaining to the sale of shares (other shares than shares sold under the participation exemption) that are part of the fixed assets of the selling company can only be deducted from capital gains arising from the sale of shares part of fixed assets in the same fiscal year and the subsequent five years. Capital losses pertaining to the sale of shares that are not part of fixed assets are tax deductible from taxable income in the same fiscal year and the subsequent ten years in accordance with the general rules concerning losses carried forward.

From the tax year 2020, the Finnish Business Income Tax Act has been applied in calculating the taxable income of most corporations (with certain exceptions, such as certain real estate companies, or calculating taxable agricultural income). A new asset class, other assets, was introduced to the business income basket. Other assets comprise assets, which do not have a distinct connection to the business operations of a corporation, and assets that cannot be allocated to existing asset classes (*i.e.*, fixed assets, current assets, investment assets or financial assets). Capital gains on disposals of other assets are taxable. Capital losses on disposals of shares belonging to other assets can only be offset against capital gains on disposals of other assets and can only be carried forward for the subsequent five tax years. Capital losses which have been calculated according to the Income Tax Act and have not been offset before tax year 2020, can be carried forward for five years following the tax year of disposal of the asset, and will primarily be deductible from capital gains on disposals of other assets, and secondarily from capital gains on disposal of shares or real property belonging to fixed assets.

Non-residents

Non-residents who are not generally liable for tax in Finland are usually not subject to Finnish taxes on capital gains realized on the sale of shares in a Listed Company, unless the non-resident taxpayer is deemed to have a permanent establishment in Finland for income tax purposes as referred to in the Finnish Income Tax Act and an applicable Tax Treaty, and the shares are considered to be assets of that permanent establishment or more than 50 percent of the total assets of the transferred company comprised one or more real estate properties located in Finland.

Transfer Tax

Transfer tax is not payable in connection with the issuance of new shares.

There is no transfer tax payable in Finland on transfers of shares admitted to trading on Nasdaq Helsinki if the transfer is made against a fixed pecuniary consideration. The transfer tax exemption also requires that an investment firm, a foreign investment firm or other party offering investment services, as defined in the Finnish Investment Services Act (747/2012, as amended), is brokering or acting as a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, the transfer tax exemption requires that the transferee submits a transfer tax return to the Finnish Tax Administration within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish Tax Administration as set forth in the Finnish Tax Assessment Procedure Act.

Certain separately defined transfers, such as those relating to equity investments or distribution of funds, are not covered by the transfer tax exemption. Also, the exemption does not apply to transfers of shares in which the consideration consists partially or completely of employment or work.

If the transfer of the shares does not fulfill the above criteria for a tax-exempt transfer, transfer tax at the rate of 1.6 percent of the sales price is payable by the purchaser (or 2.0 percent if the company is deemed a housing company, mutual real estate company or other similar company). However, if the purchaser is neither tax resident in Finland nor a Finnish branch or office of a foreign credit institution, investment firm, fund management company or EEA alternative investment fund manager, the seller must collect the tax from the purchaser. If the broker is a Finnish stockbroker or credit institution, or a Finnish branch or office of a foreign stockbroker or credit institution, it is liable to collect the transfer tax from the purchaser and pay the tax to the state. If neither the purchaser nor the seller is tax resident in Finland or a Finnish branch or office of a foreign credit institution, investment firm, fund management company or EEA alternative investment fund manager, the transfer of shares will be exempt from Finnish transfer tax, unless shares in Finnish real estate companies are transferred. No transfer tax is collected if the amount of the tax is less than EUR 10.

LEGAL MATTERS

Certain legal matters in connection with the Offering with respect to Finnish law and internationally will be passed upon for Koskisen by White & Case LLP. Certain legal matters in connection with the Offering with respect to Finnish law will be passed upon for the Global Coordinator by Roschier, Attorneys Ltd.

DOCUMENTS ON DISPLAY

Copies of the following documents may be inspected during the period of validity of this Offering Circular at Koskisen's website at *www.koskisen.fi/en/IPO*:

- the articles of association of the Company as at the date of this Offering Circular;
- the Interim Consolidated Financial information;
- the Audited Consolidated Financial Statements and the related auditor's reports; and
- this Offering Circular.

DOCUMENTS INCORPORATED BY REFERENCE INTO THIS OFFERING CIRCULAR

The following documents have been incorporated by reference into this Offering Circular according to Article 19 of the Prospectus Regulation and they form a part of the financial information of Koskisen. The documents incorporated by reference are available at Koskisen's website:

- Koskisen's unaudited consolidated financial information as at and for the nine months ended September 30, 2022 (*i.e.*, the Interim Consolidated Financial Information):

  koskisen.fi/wp-content/uploads/2022/11/Koskisen-Interim-Information-Q3-2022.pdf;

- Koskisen's audited consolidated financial statements for the years ended December 31, 2021 and 2020, and the related independent auditor's report (*i.e.*, the IFRS Audited Consolidated Financial Statements):

  koskisen.fi/wp-content/uploads/2022/11/IFRS-consolidated-financial-statements-2021-and-2020-and-auditors-report.pdf;

- Koskisen's audited consolidated financial statements as at and for the year ended December 31, 2020, and the related independent auditor's report (*i.e.*, the 2020 FAS Audited Consolidated Financial Statements):

  koskisen.fi/wp-content/uploads/2022/11/FAS-Financial-statements-2020.pdf; and

- Koskisen's audited consolidated financial statements as at and for the year ended December 31, 2019, and the related independent auditor's report (*i.e.*, the 2019 FAS Audited Consolidated Financial Statements):

  koskisen.fi/wp-content/uploads/2022/11/FAS-Financial-statements-2019.pdf.

ANNEX A

ARTICLES OF ASSOCIATION OF THE COMPANY (UNOFFICIAL ENGLISH TRANSLATION)

1 § Name of the company

The name of the company is Koskisen Oyj in Finnish and Koskisen Corporation in English.

2 § Domicile of the company

The domicile of the company is Kärkölä, Finland.

3 § Line of business

The line of business of the company is to directly or through its subsidiaries or affiliate companies, engage in forestry, the forest industry, especially sawn timber and panel industries as well as procurement, manufacture and sale of biofuels related to the forest industry, offer related services and engage in other related business activities. In addition, the company may directly and/or through its subsidiaries or affiliate companies purchase, sell, own and manage real properties and securities as well as carry on securities trading, corporate acquisitions and divestments, and other investment business. As the parent company, the company may attend to the organization, financing and purchases and to other similar common tasks of the group.

4 § Accounting period

The accounting period of the company begins on January 1 and ends on December 31.

5 § Book-entry securities system

The company's shares belong to a book-entry securities system after the expiry of the registration period.

6 § Board of Directors

The Board of Directors of the company has a minimum of three (3) and a maximum of nine (9) members. The term of office of members of the Board of Directors ends at the close of the annual general meeting of shareholders following their election. The general meeting of shareholders elects the Chair of the Board of Directors, the Board of Directors elects the Vice Chair amongst itself.

7 § Chief Executive Officer

The company has a Chief Executive Officer who is appointed by the Board of Directors.

8 § Representation rights of the company

The company is represented by the Chair of the Board of Directors and the Chief Executive Officer alone and the members of the Board of Directors two (2) together. The Board of Directors may also grant a procuration or the right to represent the company to named persons so that the persons entitled to representation represent the company two (2) together, or each separately together with a member of the Board of Directors.

9 § Auditor

The auditor of the company must be an auditing firm approved by the Finnish Patent and Registration Office. The term of office of the auditor ends at the close of the annual general meeting of shareholders following the election of the auditor.

10 § Notice to the general meeting of shareholders

The notice convening the general meeting of shareholders must be delivered to the shareholders by publishing the notice on the company's website or by a newspaper announcement which is published in one or more widely circulated daily newspapers chosen by the Board of Directors no earlier than three (3) months and no later than three (3) weeks before the meeting, and in any case at least nine (9) days before the record date of the general meeting of shareholders referred to in Chapter 5 Section 6 a of the Finnish Companies Act.

In order to be able to attend the general meeting of shareholders, the shareholder must notify the company at the latest on the date mentioned in the notice, which may be no earlier than ten (10) days before the general meeting of shareholders.

The venue for the general meeting of shareholders must be located in Kärkölä or Helsinki, Finland. The Board of Directors may decide that the general meeting of shareholders is held without the venue of the meeting by the shareholders using their decision-making powers fully in an up-to-date manner through a data connection link and technical tool during the general meeting.

The Board of Directors may decide that the general meeting of shareholders may also be attended by a shareholder using his/her/its decision-making power fully through a data connection link and technical tool during the general meeting of shareholders.

The Board of Directors may decide that the general meeting of shareholders may also be attended by mail or through a data connection link and technical tool prior to or during the general meeting of shareholders. The Board of Directors may also decide that only part of the shareholder’s rights may be used in such way and that the rights may only be exercised in a manner decided by the Board of Directors.

11 § Annual general meeting of shareholders

The annual general meeting of shareholders of the company must be held within six (6) months from the date on which the accounting period ended.

At the meeting:

the following are presented

1. the financial statements, which include the consolidated financial statements, and the report of the Board of Directors; and
2. the auditor’s report;

the following are resolved upon

3. the adoption of the financial statements;
4. the use of profits shown in the balance sheet;
5. the discharge of members of the Board of Directors and the Chief Executive Officer from liability;
6. the remuneration of the members of the Board of Directors and the auditor; and
7. the number of the members of Board of Directors;

the following are elected

8. the members of the Board of Directors; and
9. the auditor.

THE COMPANY

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Finland

GLOBAL COORDINATOR

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To the Global Coordinator

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