



Honkarakenne Group's Financial Statements Bulletin 2025

Honkarakenne Oyj's Financial Statements Bulletin 1 Jan.-31 Dec. 2025

Net sales at previous year's level, operating profit decreased, order book growing

Summary

Honkarakenne Group's net sales were EUR 37.2 million (2024: 36.7), which is 1.2% better than in the previous year. Adjusted operating profit was EUR -3.9 million (-2.3) and adjusted profit before taxes was EUR -4.3 million (-2.6). The financial statements include non-recurring adjustment items of EUR 0.1 million (0.1).

At the end of the financial year, the order book was EUR 24.8 million (22.2), which is 12% higher than in the previous year.

The Group's financial position and equity ratio were at a good level.

July–December 2025

- Honkarakenne Group's net sales in July–December (H2) was EUR 20.4 million (H2 2024: 22.2), which is 8% lower than in the previous year.
- H2 operating profit was EUR -1.2 million (0.3) and profit before taxes was EUR -1.5 million (0.6).
- H2 adjusted operating profit was EUR -1.1 million (0.4) and adjusted profit before taxes was EUR -1.4 million (0.7).
- Earnings per share was EUR -0.31 (0.09).

January–December 2025

- Honkarakenne Group's net sales in January–December amounted to EUR 37.2 million (2024: 36.7), which is 1.2% higher than in the previous year.
- The operating profit was EUR -4.0 million negative (-2.4) and profit before taxes was EUR -4.4 million negative (-2.6).
- The adjusted operating profit was EUR -3.9 million (-2.3) and adjusted profit before taxes was EUR -4.3 million (-2.6)
- Earnings per share was EUR -0.70 (-0.37).
- Net financial liabilities totalled EUR 1.0 million (-0.5).
- The equity ratio was good 53.1% (59.7).

The Board of Directors proposes to the Annual General Meeting that no dividend or repayment of capital be paid for the financial year that ended on 31 December 2025.

The value of the Group's order book at the end of December was EUR 24.8 million (22.2). The order book increased by 12% compared to the previous year. Order book refers to orders with a delivery date within the next 24 months. Some orders may have a financing or building permit condition

Outlook for 2026

According to Honkarakenne's view, the Group's net sales in 2026 will be higher than the previous year and amount to EUR 42-45 million. The Group's EBIT will be between EUR -1.0 and +0.5 million.

GROUP'S KEY FIGURES	7-12/2025	7-12/2024	1-12/2025	1-12/2024
Net sales, EUR million	20.4	22.2	37.2	36.7
Operating profit/loss, EUR million	-1.2	0.3	-4.0	-2.4
Adjusted operating profit, EUR million	-1.1	0.4	-3.9	-2.3
Profit/loss before taxes, EUR million	-1.5	0.6	-4.4	-2.6
Adjusted operating profit before taxes, EUR million	-1.4	0.7	-4.3	-2.6
Average number of employees	159	157	159	157
Average number of employees in person-years	156	152	156	153
Earnings per share, EUR	-0.31	0.09	-0.70	-0.37
Equity ratio, %			53.1	59.7
Return on equity, %			-34.0	-14.3
Equity per share, EUR			1.61	2.32
Gearing ratio, %			10.4	-3.5

Honkarakenne Oyj's CEO Marko Saarelainen commented on the financial statements bulletin as follows:

The construction market situation and economic outlook remained uncertain and exceptionally weak throughout the year. Geopolitical uncertainty, tariff issues, and the weakening of the dollar and yen affected the Group's operating environment and particularly its export business.

The Group's net sales were EUR 37.2 million during the financial year, with an increase of 1.2%. The weaker-than-expected net sales development was influenced by lower domestic sales in the early part of the year and a low export order book. In addition, deliveries of export projects scheduled for December were moved to the next financial year. The strong focus of net sales on the domestic market contributed to the Group's performance being weak. Operating profit was EUR -4.0 million.

The profitability program launched in the autumn aims to turn operations profitable even in a volatile market situation. The measures have included change negotiations, which led to personnel reductions and a larger number of temporary layoffs, as well as the reduction of premises and cost structure, and reorganization. We focus on implementing development projects that support export growth.

The caution among Finnish consumers was clearly visible in the order intake during early spring, but the summer and the rest of the year showed more positive development. Although net sales in the consumer business grew slightly year-on-year, profitability challenges continued.

The project business achieved a significant percentage growth, but the overall volume is still quite small. The B2B business was actively developed, and the project portfolio grew both in Finland and in exports. We received new orders in projects for hotels, apartment buildings, and floating structures, among others. The outlook is cautiously positive.

The order book for the Asian export business fell below the previous year's level. Uncertainty related to Japanese regulatory requirements and currency developments slowed down the generation of new orders. Net sales in Japan and the APAC region reached a higher level than in the comparison period. The first phase of the large-scale project in India progressed, and the unveiling ceremony in July showcased both the completed buildings and the regional development solution.

In the European market, order intake declined year-on-year, except for Germany and the European B2B business, which grew significantly from the previous year. The development measures carried out in the area provide a good basis for order book and net sales growth.

Overall, the order book for the financial year developed positively in the domestic and export project businesses. Orders in the consumer business were lower than in the previous year due to the heavier order intake in the spring. At the end of the financial year, the order book was EUR 24.8 million, which is 12% higher than one year earlier.

Production investments at the Karstula factory were completed as planned, and all personnel learned more about the new non-settling log production line during the staff day held in March. In May, Honka launched a new non-settling laminated log, Honka Fusion+, with commercial production starting after the summer. The new log is massive in structure, even more stable and load-bearing, suitable for modern construction, and excellent for the implementation of large public log buildings

Despite the difficult market situation, I believe that the initiated profitability program and the Group's strengths will yield results in the near future. Our good market position, strong balance sheet and financial position, skilled personnel, and a competitive product portfolio create the preconditions for Honkarakene to restore profitability and strengthen its competitive advantage. Combined with the strong order intake at the beginning of the year, this reinforces my view of a positive turnaround in the market cycle of the construction and house manufacturing industry."

Net Sales

The Group's net sales in the second half decreased by 8% to EUR 20.4 million (22.2). July–December net sales decreased by 6% for Finland and by 11% for exports. The decrease in Finland's net sales was due to a lower volume of consumer business deliveries at the end of the year, and the postponement of individual project starts and completed deliveries to the 2026 financial year. In exports, several deliveries scheduled for December were postponed to early 2026, which partly weakened the Group's net sales accumulation and operating profit for the financial year.

The Group's net sales for the financial year were nearly on par with the previous year and amounted to EUR 37.2 million (36.7). Compared with the corresponding period of 2024, Finnish net sales increased by 7% and export net sales decreased by 13%. Net sales growth in Finland mainly came from leisure deliveries. The full-year decrease in exports was largely due to lower net sales in Central Asia.

Honkarakene presents its net sales data divided in two parts: Finland and exports. The geographical distribution of net sales is shown below.

NET SALES DEVELOPMENT

Net sales distribution, %	1–12/2025	1–12/2024
Finland	75%	71%
Exports	25%	29%
Total	100%	100%

Net sales, MEUR	7–12/2025	7–12/2024	change	1–12/2025	1–12/2024	change
Finland	14.6	15.6	-6%	28.0	26.2	+7%
Exports	5.9	6.6	-11%	9.2	10.5	-13%
Total	20.4	22.2	-8%	37.2	36.7	+1%

Finland also includes billet sales and the sale of process by-products for recycling. Exports include all other countries except Finland.

Order Book

The Group's order book was 12% higher than last year and amounted to EUR 24.8 million (22.2). Compared to the previous year, the order book includes more export and domestic project business orders. For the domestic consumer business, the order book is at the previous year's level.

Order book refers to orders with a delivery date within the next 24 months. Some orders may have a financing or building permit condition.

Trends in Profit and Profitability

Operating profit for July–December was EUR -1.2 million (0.3) and profit before taxes was EUR -1.5 million (0.6).

The Group's operating profit for the financial period was EUR -4.0 million (2.4) and the profit before taxes was EUR -4.4 million (-2.6). The adjusted operating profit was EUR -3.9 million (-2.3) and adjusted profit before taxes was EUR -4.3 million (-2.6).

Non-recurring adjustment items for the review year include EUR 0.1 million in costs from terminations resulting from change negotiations. In the comparison year, the expenses related to the closure of the representative office in China amounted to EUR 0.1 million.

The weaker profitability year-on-year was affected by net sales being weighted towards the domestic consumer business, with deliveries of export projects to Central Asia remaining lower than in the comparison year. Some domestic deliveries were subject to winter and spring sales campaigns, which had lower-than-normal margins due to the competitive situation. In addition, the negative earnings development was affected by higher unit costs at the factory, the finalization of the commissioning of the new production line, and other maintenance work carried out at the factory. Due to the investments, fixed costs remained almost at the level of the comparison period, even though cost-cutting measures were implemented in operations during the autumn, and fixed personnel costs were adjusted through temporary layoffs.

Financing and Investment

At the end of 2025, Honkarakenne's financial position was good. The Group's equity ratio was 53.1% (59.7%) and gearing was 10.4% (-3.5%). The Group's net financial liabilities were EUR +1.0 million (-0.5). The Group's liquid assets were EUR 2.5 million (5.0).

At the time of the financial statements, the parent company had EUR 1.5 million (1.9) remaining in financial institution loans. The EUR 1.7 million investment loan raised in the comparison year financed the non-settling log production line commissioned at the Karstula factory at the beginning of the year. The Group's other financial liabilities relate to leasing and lease obligations, which, according to IFRS 16, are presented in current and non-current interest-bearing financial liabilities.

In addition, the Group has a EUR 3.0 million (3.0) overdraft facility for working capital financing, which was not in use at the time of the financial statements. Honkarakenne manages its seasonal liquidity risk with an overdraft limit. With long-term financing loans, the company secures long-term strategic business and investment commitments.

The Group's gross investments in 2025 amounted to EUR 0.9 million (1.4), excluding right-of-use assets in accordance with the IFRS 16 standard and investment grants received.

Investments mainly relate to the replacement investment in the non-settling log production line at the Karstula factory. In addition, at the beginning of the comparison period, the installation of the replacement investment for the gluer and laminated timber plane at the Karstula factory, as well as the finalization of the line's commissioning, were carried out. A EUR 0.6 million investment grant decision has been received from the Central Finland ELY Centre for the replacement investment in the non-settling log production line, of which a EUR 0.2 million advance payment was received in the comparison period. In addition, the Group had individual system investments in the Customer 360 project.

Products and Market Areas

Honka's collection is being renewed and developed in a market-specific and customer-centric manner, and the design of the collections strongly focuses on the quality of living and the sustainability of buildings.

During the review period, the development of cost-effective leisure home and detached house models for the Finnish and Nordic markets continued, and new collection brochures for the Finnish market were released. In addition, larger-scale Honka Grand Design house models, specifically aimed at the company's international markets, were unveiled. Additionally, in the spring, the Pineo accommodation concept, targeted at international and domestic tourism and accommodation businesses, was launched, complete with buildings of various sizes.

Honka was an exhibitor at the Oulu Housing Fair in the summer with its Kömmeli show home. The highly popular log house was custom-designed by an architect and featured a traditional Finnish loft sauna. The home represents a modern interpretation of the traditional architecture of the coastal region and the classic red ochre colour.

In May, a new fourth-generation non-settling laminated log, Honka Fusion+, was launched, whose wider-than-before vertical middle lamella increases the stability of log walls, enabling the construction of even larger projects such as apartment buildings and schools. In addition, the new log features an advanced design profile and a minimal seam groove between the logs, which facilitates the implementation of modern architecture and various interior styles, as well as the combination of the log with other building materials such as glass, stone, and steel.

In connection with the launch, Honka's interior design concepts and related new product solutions were released to support the design of Honka's log homes and holiday buildings. The new concepts and products were published as part of the Honka Look Book concept brochure.

Honka's operations are certified with the ISO 9001 quality standard and the ISO 14001 environmental standard.

In Finland, net sales were 7% higher than in the previous year and amounted to EUR 28.0 million (26.2). The growth was generated in the consumer business, specifically from an increase in leisure deliveries. The delivery volumes and accumulated net sales for detached houses remained at a moderate level, with little evidence of recovery or growth in these areas.

For the full year, new orders received by the consumer business were lower than in the comparison period, despite demand and an increase in the number of quotations. In the project business, growth and new openings were gained, particularly in the company's larger MultiStorey concept multi-story construction projects. Here, for example, apartment building construction starts are expected to commence in the upcoming fiscal year.

The company sees a pick-up in domestic demand and a slight turnaround in new construction in a more favourable direction. New orders are expected to rise to a higher level this year for the project business, leisure, and partly also for detached house construction. In some cases, final decisions on the start of construction are delayed, and for larger projects, they are made through binding reservations. In the uncertain economic situation, the starts may still be postponed.

Honka has extensively renewed detached houses, holiday homes, as well as cabin and sauna collections to meet current demand and the latest construction trends.

In exports, net sales were 13% lower than in the corresponding period of the previous year at EUR 9.2 million (10.5). The decline in net sales is a result of a weak order book at the end of the previous year and the postponement of December export deliveries to early 2026. In addition, discussions about tariffs, which increased uncertainty during the review year, slowed down the recovery of market areas.

New orders received for exports were at a higher level than in the comparison year. New project orders were received in the European B2B business, including a hotel project utilizing Honka's new MultiStorey construction concept, and a massive log surf centre, where Honka, as the log supplier, will implement a structural solution built on pontoons above the water.

During a sales promotion trip to Central Asia, Honkarakenne signed a cooperation agreement in Uzbekistan for the continued development of the Green Hills Premium resort and the Santa Claus amusement park. The agreement is for five years and worth approximately EUR 15 million. The first house deliveries in the agreement's order book, approximately EUR 0.6 million, are scheduled for early 2026. In addition, Honkarakenne signed Memoranda of Understanding in Kazakhstan for ecological wood houses in the Burabay resort area and the TOR'RE Ltd.'s village area.

At the Rebuild Ukraine 2025 Forum, Honkarakenne signed a Memorandum of Understanding and Strategic Cooperation with the Kyiv Regional Military Administration and Borodyanka Village Council, which aims to initiate the reconstruction of the Borodyanka Gymnasium No. 1 with a boarding school as a pilot project. The project's implementation is dependent on the start of reconstruction and the financing of the overall project.

Overall, demand for exports has grown, and there are more initiatives for projects of various sizes. In the company's view, there is still uncertainty as to when demand will materialize and lead to new orders and, finally, deliveries. Uncertainty about the operating environment outlook, uncertainty caused by tariffs, and weakening exchange rates may weaken and curb increased demand and expected export growth.

In addition, exports focused on the development of the international range, the acquisition of new customers in export regions, customer meetings, and support for regional importer and representative activities.

Strategy 2025-2028

Honkarakenne's strategy for 2022–2024 focused on internationalization, customer experience, and sustainability. Early in the year, the Group refined the goals of its strategy, which extended to the end of 2024, to better align with changes in the operating environment.

Through the strategy, Honkarakenne's position as Finland's largest exporter of wooden buildings will be strengthened. With the export and customer experience strategy, the Group aims for controlled growth in net sales during the strategy

period, with the focus on profitability. The performance targets are based on process efficiency, conceptualization, and management, which also improve the customer and employee experience.

Honkarakenne Group's vision is to offer truly the best living. The Group's mission is to improve the quality of people's lives and housing.

Honkarakenne's strategic objectives for the 2025–2028 period are:

- Strengthening customer experience
- Effectiveness in everything
- Renewing the Honka spirit
- Managed international operations

To implement the strategy, the Group's extended executive group refines development projects and focus areas that support the strategy's progress, in line with the targeted management model.

Honkarakenne states that it does not consider long-term targets as market guidance for any particular year of the strategy period.

Sustainability

Sustainability is a key part of Honkarakenne's strategy. Honkarakenne Group is continuously developing its production, services and selection to enable healthier, more ecological, and better-quality living. Our choices are guided by human and natural vitality. Honkarakenne's sustainability programme, 'We are building the future', is based on the changes we have identified in our operating environment, our ethical principles, recognised expectations of our staff and other stakeholders, and understanding the customer in our main markets.

As part of Honkarakenne's sustainability program, the parent company uses 100% guaranteed electricity produced with a renewable energy source with carbon dioxide emissions of 0 g/kWh in all its own locations.

Honkarakenne also promotes sustainability through its various product solutions. In conjunction with the Rock and Star collection, product development introduced the Honka Säästö solution, which enables the safe shut-off of both water and heat in living spaces for the winter season without the risk of water pipes freezing or equipment being damaged. Logs as a breathable structure enable sustainable construction and, with the Honka Säästö solution, electricity savings.

The Honka Brand

The core of the Honka brand is the close relationship with nature and Finnish happiness. Honka's yellow is the colour of hope and joy. Honka helps every customer realize the dreams that are important to them and Honka has the honour to convey the vitality of the northern forests.

Seasonal Nature of Our Business

Honkarakenne operates in a business that is seasonal by nature. Especially in Finland, construction mostly takes place during the summer, so there are more deliveries in summer and autumn than during the winter. Considering the existing

market and demand conditions, the Group aims to even out this seasonality, especially with export activities. During the review period, the Group's market situation was still challenging in all its areas.

Research and Development

The International Building Concepts development project ended at the close of the review year. The project resulted in, for example, the Honka MultiStorey construction concept, the Honka Attached Houses concept, and the Honka Public Buildings concept. The latter two were launched specifically in international markets during the second half of 2025. The International Building Concepts aim for growth in export markets with larger mass timber buildings. The International Building Concepts development project has received NextGenerationEU funding from the European Union through Finland's Sustainable Growth Program.

During the financial year, a new fourth-generation non-settling log, Honka Fusion+, was developed and launched to the market in the spring, with production starting in early autumn. Honka Fusion+ log is more environmentally friendly, natural-looking and technically efficient, and it can be considered a design log due to its minimalist appearance, for example, based on the narrow joint groove. The new log differs from its predecessors in having a wider, vertical central lamella. The new log further improves the stability and strength of log walls and is better-suited for large public log buildings. The new Honka Fusion+ log has patent pending.

Honka's interior design concepts and related new product solutions were developed during the financial year. The new concepts and products were published as part of the Honka Look Book concept brochure during the spring. In addition, a new Woodism® design concept and entity were developed, combining modern architecture, wood-forward interior design, Honka's design log, healthy living, and new products into a comprehensive living experience and timeless stylish modern detached house and holiday villa models. Woodism® will be launched on the international and Finnish markets in early 2026.

In addition, the development of the Honka Healthy House™ concept was continued, and the concept was introduced to international markets early in the year.

The aim of Honka's development projects is to increase the use of wood in construction to promote climate targets. Wood is a renewable raw material and wood construction is part of sustainable use of forests.

The Group's R&D costs for the financial year were EUR 0.8 million (0.5), representing 2.3% (1.5%) of net sales.

The Group has not capitalised development costs during the financial period.

Personnel

The Group's average number of personnel, measured in person-years, totalled 156 persons (153) during the year. The number increased by 3 persons from the comparison period. The Group employed an average of 159 (157) people in 2025.

Due to low demand during the review period and low production and delivery volumes, the parent company has had to lay off its personnel as one of its adjustment measures. In addition, change negotiations were carried out towards the end of the year, which resulted in the dismissal of four people and short- and long-term lay-offs of personnel. The authorization for temporary layoffs is valid if the company's financial or production situation so requires during 2026 or early

2027. In the comparison year, the company closed its representative office in China, which led to the dismissal of one local employee. Non-recurring costs related to these measures amounted to EUR 0.1 million (0.1).

The parent company's earnings include bonuses due to well-developed occupational safety and the achievement of the target number of safety observations. There were three fewer accidents at work resulting in absences than in the previous year, with only one (4) leading to a 5-day absence. The lost-time injury frequency was 5.

The company has an ongoing share-based incentive plan for 2024–2026, the purpose of which is to align key employees with the company's objectives and to incentivize the creation of shareholder value. The Performance-Based Share Plan 2024–2026 has a three-year vesting period and the metrics for the period are net sales and operating profit margin. Five people participate in the 2024–2026 incentive program, and the rewards correspond to a maximum of 75,000 shares in total. There were no expenses related to the incentive scheme during the financial year or the comparison period.

Personnel well-being and job satisfaction are monitored through an annual well-being survey. For the year under review, the occupational well-being survey was postponed to early 2026 due to the change negotiations and reorganization that were underway at the end of the year. The goal is to improve job satisfaction, as an enthusiastic and viable workforce that finds its work meaningful is an important foundation for Honka's operations.

In March, a joint staff day was held for personnel and domestic representatives at the Karstula factory. In addition to spending time together, they were able to familiarize themselves with the production line for the new non-settling log and learn about its operations.

Executive Group

During the review period, the Executive Group consisted of Marko Saarelainen, CEO; Eino Hekali, Vice President, Product; Maarit Jylhä, CFO; Petri Perttula, Business Vice President, Operations Global B2B; and Juhani Saukko, Business Vice President, Operations Finland B2C.

Honkarakenne Oyj's Annual General Meeting, Board of Directors and Auditors

Honkarakenne Oyj's Annual General Meeting was held at Honkarakenne's Tuusula office on 11 April 2025. The General Meeting adopted the financial statements, approved the remuneration report, and granted discharge from liability for 2024 to the members of the Board of Directors and the CEO. The Annual General Meeting decided that no dividend will be distributed for the financial year ending on 31 December 2024, and no return of capital will be distributed from the invested unrestricted equity fund.

Timo Kohtamäki, Maria Ristola, and Arto Halonen were re-elected to the Board of Directors of the parent company, and Rose-Mari Saarelainen was elected as a new member of the Board. At the Board's organizing meeting, Timo Kohtamäki was elected as the Chairman of the Board. At the same meeting, the Board of Directors decided that it would not establish committees.

Ernst & Young Oy, member of the Finnish Institute of Authorised Public Accountants, was re-appointed as auditor of the company, with Osmo Valovirta APA, as chief auditor.

Authorisations of the Board of Directors

The Annual General Meeting decided on 11 April 2025 that the Board of Directors is authorised to decide on the purchase of no more than 400,000 of the company's own B shares using funds from the parent company's unrestricted shareholders' equity. In addition, the Annual General Meeting authorised the Board of Directors to decide on a rights issue or bonus issue and on the granting of special rights entitling to shares in one or more instalments under the terms and conditions in Chapter 10, section 1 of the Companies Act. Under the authorisation, the Board of Directors may issue a maximum of 1,500,000 new shares and/or transfer old B shares held by the parent company, inclusive of any shares that may be issued. These two authorisations remain in force until the next Annual General Meeting, however expiring at the latest on 30 June 2026.

Shares, Share Capital and Own Shares

During the review period, Honkarakenne Oyj's shares numbered 6,211,419, of which 300,096 were class A shares and 5,911,323 class B shares. The company's share capital has not changed, remaining at EUR 9,897,936.00. Each class B share entitles to one (1) vote and each class A share to twenty (20) votes, bringing the total number of votes conferred by the shares during the review period to 11,913,243.

Honkarakenne's class B shares are listed on Nasdaq Helsinki Ltd's Small Cap list with the ticker HONBS. The highest price of the listed class B share was EUR 3.52, and the lowest price was EUR 2.2. The closing price at the balance sheet date was EUR 2.88. The market capitalisation of the stock at the end of the financial year was EUR 17 million. The traded class B shares were EUR 2.1 million and the trading volume was 0.8 million shares.

Honkarakenne has not acquired or disposed of its own shares during the financial year. At the end of the report period, the parent company held 321,052 of its own Series B shares with a total purchase price of EUR 1,186,556.34. Own shares account for 5.17% of all Honkarakenne shares and 2.69% of all votes. The acquisition cost of own shares reduces the free equity of both the parent company and the Group.

Flagging Notifications

No flagging notifications were received during the financial year 2025.

Corporate Governance

In 2025, Honkarakenne Oyj complied with the Finnish Corporate Governance Code 2025 issued by the Securities Market Association. For more information about corporate governance, go to www.honka.fi.

Short-term Risks and Uncertainties

The risks and uncertainties of Honkarakenne relate to negative changes in the operating environment of the Group and its customers, increased costs of raw materials and components, their availability, and the functioning of the overall supply chains. If demand falls from the current level in the operating environment and costs remain high, it may have significant effects on the Group's earnings development, costs of financing and its availability.

The economic uncertainty in the Group's operating environment is negatively reflected in business and consumer confidence. Economic risks continue to be driven by consumer confidence in their economy and employment concerns, inflation, interest rates, and availability of financing for construction.

The uncertainty of the military aggression initiated by Russia and all its effects on business are difficult to assess. Replacing the order book lost in the Russian and Ukrainian market area with other export markets may be prolonged or uncertain in the current global situation. If the war is prolonged, expands, or new conflict areas emerge, these could have a material adverse effect on the Group's business, financial position, and operating profit.

The valuation of items in the balance sheet is based on the management's current estimates. Any changes to these estimates may affect the company's financial performance.

Reporting

This report contains statements that relate to the future, and these statements are based on hypotheses that the company's management holds currently, and on the decisions and plans that are currently in place. Although the management believes that the hypotheses relating to the future are well-founded, there is no guarantee that the said hypotheses will prove to be correct.

The Financial Statement Bulletin has not been audited but the presented figures are audited in connection with the audit.

Figures in brackets refer to the corresponding period one year earlier, unless otherwise stated.

Honkarakenne complies with the Guidelines on Alternative Performance Measures (APM) issued by the European Securities and Markets Authority (ESMA). An APM is a financial measure of performance other than a financial measure defined or specified in IFRS. The term 'adjusted' is used here. The company classifies significant business transactions that are considered to affect comparisons between different reporting periods as adjustment items. Such transactions include significant reorganisation expenses, significant impairment losses or reversals thereof, significant capital gains and losses on assets, and other significant non-customary income or expenses.

This report has been prepared in accordance with IAS 34. The report should be read together with the 2024 financial statements. The accounting policies used in preparing the financial statements 2025 are the same as in the financial statements for 2024, with the exception of standards and interpretations that have come into force on 1 January 2025 or thereafter. The new standards or interpretations, effective as of 1 January 2025 did not have a material impact on the figures presented for the review period.

Events After the Reporting Period

On 30 January 2026, the company announced the Shareholders' Nomination Committee's proposal to the Annual General Meeting that, in addition to the current members Arto Halonen, Maria Ristola, and Rose-Mari Saarelainen, the company's current CEO, Marko Saarelainen, be elected as a new member of the Board of Directors for the next term. In addition, the Nomination Committee proposes that the Board of Directors elect Marko Saarelainen as Chairman of the Board from among its members. At the same time, the Honkarakenne's Board of Directors announced that it had started the search for a new CEO. Marko Saarelainen will serve as Honkarakenne's CEO until a new CEO takes up the position.

Due to the volatile market situation, Honkarakenne has started financing negotiations with several financing and guarantee institutions. The company is seeking a two or three-year financing solution to secure its working capital needs and to invest particularly in its export business. Honkarakenne's financial position was good at the end of the review period. The Group's equity ratio was 53.1% (59.7%) and net gearing was 10.4% (-3.5%). The Group's net financial liabilities amounted to EUR +1.0 million (-0.5). The Group's liquid assets totalled EUR 2.5 million (5.0). In addition, the Group has a EUR

3.0 million (3.0) overdraft facility for working capital financing, which was not in use at the time of the financial statements.

The Board of Director's Proposal on The Distribution of Retained Earnings

The parent company's equity according to the balance sheet 31 December 2025 is EUR 9,431,812.84, of which distributable assets amount to EUR -986,123.16. The parent company's loss for the financial year 1 Jan.-31 Dec. 2025 is EUR -4,433,424.70

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year ended 31 December 2025, and that no return of capital be distributed from the invested unrestricted equity fund.

Outlook for 2026

According to Honkarakenne's view, the Group's net sales in 2026 will be higher than in the previous year and amount to EUR 42-45 million. The Group's operating profit will be between EUR -1.0 and +0.5 million.

Basis for the Outlook

Honkarakenne's outlook for 2026 is based on the existing order book and the company's view of an emerging recovery in the operating environment, the challenges identified, and the increased demand in export markets.

Finland's economic situation, employment development, and the availability of financing may continue to affect demand and the initiation of new construction projects.

The company sees that strategic emphases on export market areas hold potential and support new growth. For example, the continued development projects for the Green Hills Premium resort and Santa Claus amusement park in Uzbekistan will be partly realized during the spring and autumn. The project delivery is a 5-year project with a total value of EUR 15 million.

General Meeting

The Annual General Meeting of Honkarakenne Oyj will be held in Tuusula on Thursday, 23 April 2025 at 2:00 pm EET.

HONKARAKENNE OYJ

Board of Directors

Additional information:

CEO Marko Saarelainen, tel. +358 40 542 0254, marko.saarelainen@honka.com or
CFO Maarit Jylhä, tel. +358 40 594 4099, maarit.jylha@honka.com

Consolidated Comprehensive Income Statement

Unaudited EUR million	7-12/2025	7-12/2024	1-12/2025	1-12/2024
Net sales	20.4	22.2	37.2	36.7
Other operating income	0.4	0.3	0.5	0.5
Change in inventory of finished goods and work in progress	-1.1	-0.1	-0.2	-0.7
Use of materials and goods	-13.1	-13.3	-25.9	-23.5
Employee benefit expences	-4.0	-3.7	-8.2	-7.6
Depreciation and impairment	-1.1	-1.1	-2.2	-2.3
<u>Other operating expences</u>	<u>-2.6</u>	<u>-2.9</u>	<u>-5.2</u>	<u>-5.5</u>
Operating profit/loss	-1.2	0.3	-4.0	-2.4
Financial income	0.0	0.1	0.1	0.1
Financial expences	-0.1	0.3	-0.4	-0.3
<u>Share of associated companies' profit or loss</u>	<u>-0.1</u>	<u>0.0</u>	<u>-0.1</u>	<u>-0.1</u>
Profit/loss before taxes	-1.5	0.6	-4.4	-2.6
<u>Income taxes</u>	<u>-0.3</u>	<u>-0.1</u>	<u>0.3</u>	<u>0.4</u>
Profit loss for the period	-1.8	0.5	-4.1	-2.2
Other items of comprehensive income that may be re-classified subsequently to profit or loss:				
Translation differences related to foreign subsidiaries	-	-0.1	0.2	-0.1
Total comprehensive income for the period	-1.8	-2.3	-4.1	-2.3
Allocated to				
Shareholders of the parent company	-1.8	2.3	-4.1	-2.2
<u>Non-controlling interests</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-1.8	2.3	-4.1	-2.2
Allocated to				
Shareholders of the parent company	-1.8	2.3	-4.1	-2.3
<u>Non-controlling interests</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-1.8	2.3	-4.1	-2.3
Earnings per share calculated on the profit attributable to shareholders of the parent company:				
undiluted earnings per share (EUR)	-0.31	-0.09	-0.70	-0.37
diluted earnings per share (EUR)	-0.31	-0.09	-0.70	-0.37

The company has two share series: A shares and B shares, which have different rights to dividend. Profit distribution of EUR 0.20 per share will be first paid for B shares, then EUR 0.20 per share for A shares, followed by equal distribution of remaining profit between all shares.

Consolidated Statement of Financial Position

Unaudited EUR million	31 Dec. 2025	31 Dec. 2024
Assets		
Non-current assets		
Property, plant and equipment	10.4	11.7
Goodwill	0.1	0.1
Other intangible assets	0.6	0.7
Shares in associated companies	0.4	0.4
Receivables	0.3	0.2
Deferred tax assets	1.7	1.5
	13.4	14.6
Current assets		
Inventories	4.3	4.5
Trade and other receivables	1.6	2.6
Tax receivables	0.0	-
Other financial assets	0.0	0.0
Cash and cash equivalents	2.5	5.0
	8.4	12.1
Total assets	21.8	26.6
Shareholders' equity and liabilities		
Equity attributable to owners of the parent company		
Share capital	9.9	9.9
Share premium fund	0.5	0.5
Reserve for invested unrestricted equity	4.2	4.2
Treasury shares	-1.2	-1.2
Translation differences	0.1	-0.1
Retained earnings	-4.0	0.4
	9.6	13.7
Share of non-controlling interests	-	-
Total equity	9.6	13.7
Non current liabilities		
Deferred tax liability	-	0.0
Provisions	0.3	0.3
Financial liabilities	2.7	3.6
	3.0	3.9
Current liabilities		
Accounts payable and other liabilities	8.5	8.2
Current tax liabilities	0.0	0.0
Provisions	-	-
Short-term financial liabilities	0.7	0.8
	9.3	9.0
Total liabilities	12.3	13.0
Total equity and liabilities	21.8	26.6

Consolidated Statement of Changes in Equity

Abridged
Unaudited

EUR 1,000	Shareholder's equity								
	a)	b)	c)	d)	e)	f)	Total	g)	Total eq-uity
Total equity, 1 Jan. 2024	9 898	520	4 692	-46	-1 187	2 573	16 451	-	16 451
Profit/loss for the period	-	-	-	-	-	-2 160	-2 160	-	-2 160
Translation difference	-	-	-	-92	-	-	-92	-	-92
Re-payment of capital	-	-	-530	-	-	-	-530	-	-530
Total equity, 31 Dec 2024	9 898	520	4 162	-138	-1 187	413	13 669	-	13 669

	Shareholder's equity								
	a)	b)	c)	d)	e)	f)	Total	g)	Total eq-uity
Total equity, 1 Jan 2025	9 898	520	4 162	-138	-1 187	413	13 669	-	13 669
Profit/loss for the period	-	-	-	-	-	-4 117	-4 117	-	-4 117
Translation difference	-	-	-	7	-	7	7	-	7
Re-payment of capital	-	-	-	-	-	-	-	-	-
Total equity 31.12.2025	9 898	520	4 162	-131	-1 187	-3 704	9 558	-	9 558

- a) Share capital
- b) Share premium fund
- c) Reserve for invested unrestricted equity
- d) Translation differences
- e) Own shares
- f) Retained earnings
- g) Non-controlling interests

Consolidated Cash Flow Statement

Abridged
Unaudited

EUR million	1 Jan. – 31 Dec. 2025	1 Jan. – 31 Dec 2024
From operations	-0.4	-0.4
From investments, net	-1.2	-1.0
From financial activities, total	-0.8	-0.1
Loan withdrawals	0.0	1.7
Loan repayments	-0.4	-0.6
Repayment of lease liabilities	-0.4	-0.5
Repayment of capital/dividend	-	-0.5
Change in liquid assets	-2.4	-1.3
Impact of exchange rate fluctuations on cash assets	-0.1	-0.1
Impact of stock exchange price changes on cash assets	-	0.0
Change in liquid assets	-2.5	-1.4
 Liquid assets at the end of period*)	2.5	5.0
Liquid assets at the beginning of period	5.0	6.3
Change in liquid assets	-2.5	-1.4
*) Cash and cash equivalents	2.5	5.0

Notes To the Report

Accounting policies

This Financial Statement Bulletin has been prepared in accordance with IAS 34. should be read together with the 2024 financial statements. The accounting policies used in preparing the financial statements are the same as in the financial statements for 2024, with the exception of standards and interpretations that have come into force on 1 January 2025 or thereafter. The impact of the new standards and interpretations is described later in the section “New standards and interpretations”.

The Financial Statement Bulletin has not been audited but the presented figures are audited in connection with the audit.

The figures presented in the bulletin are rounded, so the sum of individual figures may differ from the amount shown.

Figures in brackets refer to the corresponding period one year earlier, unless otherwise stated.

New standards and interpretations

The new standards or interpretations effective as of 1 January 2025 did not have a material impact on the figures presented for the review period.

Alternative Performance Measures

Honkarakenne complies with the Guidelines on Alternative Performance Measures (APM) issued by the European Securities and Markets Authority (ESMA). An APM is a financial measure of performance other than a financial measure defined or specified in IFRS. Therefore, instead of the previous term ‘without non-recurring items’, the term ‘adjusted’ is used. The company classifies significant business transactions that are considered to affect comparisons between different reporting periods as adjustment items. Such trans-actions include significant reorganisation expenses, significant impairment losses or reversals thereof, significant capital gains and losses on assets, and other significant non-customary income or expenses.

In Honkarakenne’s view, Alternative Performance Measures provide significant additional information to management, investors, securities analysts and other parties on Honkarakenne’s operational result, financial position and cash flows, and are frequently used by analysts, investors and other parties. Return on equity, equity ratio, net financial liabilities and gearing are presented as supplementary key figures, as in the company’s view they are useful indicators for assessing Honkarakenne’s ability to acquire financing and pay its debts. In addition, gross investments and R&D expenditure provide additional information on needs related to Honkarakenne’s operational cash flow.

Segments

Honkarakenne has two geographical operating segments that are combined into one segment for reporting purposes. Geographically, sales are divided as follows: Finland and Exports. As management’s internal reporting complies with IFRS reporting, separate reconciliations are not presented.

Other Notes to the Report

Related Party Transactions

The Group's related parties consist of subsidiaries and associated companies; the company's management and any companies in which they exert influence; and those involved in the Saarelainen share-holder agreement and any companies controlled by them. The management personnel considered to be related parties comprise the Board of Directors, President & CEO, and the company's Executive Group. The pricing of goods and services in transactions with related parties conforms to market-based pricing.

During the financial year, ordinary business transactions with related parties were made as follows: sales of goods and services to related parties amounted to EUR 0.1 million (0.2) and purchases from related parties to EUR 0.4 million (0.3). Financial statements of the Group include EUR 0.0 (0.0) liabilities to related parties to EUR 0.0 (0.0) receivables from related parties. No bad debt were recognised from related parties in 2025 or 2024. At the time of the financial statements, the parent company has claims from subsidiaries of EUR 1.2 million (1.7) and debts to subsidiaries of EUR 0.1 million (0.1). No bad debts were recognised from related parties in 2025 or 2024.

Group's Tangible Assets

Unaudited	31 Dec. 2025	31 Dec. 2024
<u>EUR million</u>		
Acquisition cost, 1 Jan.	56.8	55.4
Increases	0.9	2.2
<u>Decreases</u>	<u>-0.2</u>	<u>-0.7</u>
Acquisition cost, 31 Dec.	57.5	56.8
Accumulated depreciation, 1 Jan.	-45.2	-43.1
Accumulated depreciation of decreases	0.0	0.0
<u>Depreciation of financial period</u>	<u>-2.0</u>	<u>-2.0</u>
Accumulated write-downs at the end of the financial year	-47.2	-45.2
<u>Book value, 1 Jan.</u>	<u>11.7</u>	<u>12.2</u>
<u>Book value, 31 Dec.</u>	<u>10.4</u>	<u>11.7</u>

Treasury shares

Honkarakenne has neither acquired nor transferred its own shares during the financial year.

At the end of the report period, the parent company held 321,052 of its own Series B shares with a total purchase price of EUR 1,186,556.34. Own shares account for 5.17% of all company shares and 2.69% of all votes. The purchase cost of own shares has been deducted from shareholders' equity in the consolidated financial statements.

Group's Contingent Liabilities

Unaudited EUR million	31 Dec. 2025	31 Dec. 2024
Own liabilities		
Mortgages	5.5	6.0
Business mortgages	2.2	2.2
Other guarantees	3.0	3.1
Off-balance sheet lease liabilities	0.2	0.2

Group's Key Figures

Unaudited		1–12/2025	1–12/2024
Net sales	EUR million	37.2	36.7
Operating profit	EUR million	-4.0	-2.4
	% of net sales	-10.7	-6.5
Adjusted operating profit	EUR million	-3.9	-2.3
	% of net sales	-10.6	-6.3
Profit before taxes	EUR million	-4.4	-2.6
	% of net sales	-11.8	-7.0
Adjusted operating profit before taxes	EUR million	-4.3	-2.6
	% net sales	-11.6	-7.2
Profit for the period	EUR million	-4.1	-2.2
Earnings/share	EUR	-0.70	-0.37
ROE	%	-34.0	-14.3
ROI	%	-22.9	-9.7
Equity ratio	%	53.1	59.7
Equity/share	EUR	1.62	2.32
Net financial liabilities	EUR million	1.0	-0.5
Net gearing	%	10.4	-3.5
Gross investments	EUR million	0.9	1.4
	% net sales	2.5	3.8
Order book	EUR million	24.8	22.2
Average number of employees			
	White-collar	108	105
	Blue-collar	51	52
	Total	159	157
Average number of personnel in person-years	White-collar	107	103
	Blue-collar	49	51
	Total	156	153
Adjusted number of shares (1,000)			
	At end of period	5 890	5 890
	Average during period	5 890	5 890

Gross investments are presented excluding right-of-use assets and investment grants received in accordance with the IFRS 16 standard. There were no investment grant in 2025 but investment grant of 0.2 million euros in 2024.

Own shares held by the Group are excluded from the number of shares.

Formulas for Key Indicator Calculation

Earnings/share:	$\frac{\text{Profit / loss for the period attributable to owners of parent}}{\text{Average number of outstanding shares}}$
Return on equity %:	$\frac{\text{Profit/loss for the period under review}}{\text{Total equity, average}} \times 100$
Equity/share:	$\frac{\text{Shareholder's equity}}{\text{Number of outstanding shares at the end of the period}}$
Equity ratio %:	$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}} \times 100$
Net financial liabilities:	$\frac{\text{Interest-bearing financial liabilities - cash assets}}{\text{Interest-bearing financial liabilities - cash assets}}$
Gearing %:	$\frac{\text{Interest-bearing financial liabilities - cash assets}}{\text{Total equity}} \times 100$