

The year of *wood living*

20
25

Board of Director's Report and Financial Statemets



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Honkarakenne Group's revenue (net sales) amounted to EUR 37.2 million (2024: EUR 36.7 million and in 2023: EUR 46.3 million). The Group's operating profit amounted to EUR -4.0 (-2.4; -0.1) million, profit before taxes to EUR -4.4 (-2.6; -0.3) million and earnings per share to EUR -0.70 (-0.37; 0.04).

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 (2024: no dividend or repayment of capital).

Business Review

The group's operating environment was challenging throughout the year despite signs of a gradual recovery. The Group's net sales for the financial were nearly on par with the previous year and amounted to EUR 37.2 (36.7) million. Compared with the corresponding period of the previous year, revenue in Finland increased by 7 per cent and in exports decreased by -13 per cent. 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.

The Group's order book grew 12 percent short of the previous year's level and was EUR 24.8 million (22.2).

Revenue distribution	Jan-Dec/2025	Jan-Dec/2024
Finland	75%	71%
Exports	25%	29%
Total	100%	100%

Revenue, EUR million	Jan-Dec/2025	Jan-Dec/2024	Change
Finland	28.0	26.2	+7%
Exports	9.2	10.5	-13%
Total	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.

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 multistorey construction projects. Here, for example, apartment building construction starts are expected to commence in the upcoming fiscal year.

The company sees a pickup in domestic demand and a slight turnaround in new construction in a more favorable 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, as well as a floating surf center, Floating Wave to be built from non-settling CLT logs.

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.

Financial Position, Result, and Key Figures

The Group's operating result for the financial year was EUR -4.0 million (-2.4) and profit before taxes was EUR -4.4 (-2.6) million. Adjusted operating result was EUR -3.9 million (-2.3) and adjusted result 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 trend was influenced by lower revenue growth from exports and the Asian regions compared to the corresponding period, as well as a stronger focus on smaller domestic leisure deliveries. The company made significant investments in marketing, product development, and other areas. The introduction of the new production line and the finalization of the line, as well as the low overall production volumes, increased production costs higher than expected. During the review period, personnel costs were adjusted through layoffs.

Group's key figures	Jan-Dec/2025	Jan-Dec/2024	Jan-Dec/2023
Revenue (net sales), EUR million	37.2	36.7	46.3
Operating profit/loss, EUR million	-4.0	-2.4	-0.1
Adjusted operating profit/loss, EUR million	-3.9	-2.3	0.3
Profit before taxes, EUR million	-4.4	-2.6	-0.3
Adjusted profit before taxes, EUR million	-4.3	-2.6	0.2
Average number of employees	159	157	183
Average number of employees in person-years	156	153	174
Undiluted earnings per share, EUR	-0.70	-0.37	-0.04
Diluted earnings per share, EUR	-0.70	-0.37	-0.04
Equity ratio, %	53.1	59.7	64.3
Return on equity, %	-34.0	-14.3	-1.4
Equity per share, EUR	1.61	2.32	2.79
Gearing ratio, %	10.4	-3.5	-18.2

Honkarakenne reports in accordance with the European Securities and Markets Authority's (ESMA) recommendation on alternative key figures (sometimes also called alternative performance measures). An alternative key figure is a financial key figure other than a financial key figure specified or designated in IFRS. The term 'adjusted' is therefore used instead of the previous term 'excluding non-recurring items'. The company classifies significant transactions regarded as affecting the comparison between reporting periods as adjustment items. These include, but are not limited to, significant restructuring costs, significant impairment losses or reversals, significant gains, and losses on disposals of assets, or other significant income or expenses that differ from ordinary activities.

The Group's key figures and their calculation formulas are presented in Note 33.

Order Book

The Group's order book was 12% higher than last year and amounted to EUR 24.8 million (22.2). Order book refers to orders with a delivery date within the next 24 months. Some orders may have a financing or building permit condition.

Financing and Liquidity

At the end of 2025, Honkarakenne's financial position was good.

The Group's equity ratio was 53.1% (59.7). 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 including other financial 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 CLT 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.

Investments

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 CLT 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 CLT 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.

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 CLT log, Honka Fusion+, was developed and launched to the market in the spring, with production starting in early autumn. Honka Fusion+ CLT 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+ CLT 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, woodforward interior design, Honka's design log, healthy living, and new products into a comprehensive living experience and timelessly 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.

Major Operational Risks

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 and employment concerns, inflation, interest rates and availability of financing.

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 market situation. If the war is further prolonged or escalates, or if the instability in the Middle East spreads to a wider war, this could have a material adverse effect on the Group's business, financial position and results of operations.

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.

Environment

Eco-friendliness, longevity and energy efficiency are the strengths of log house construction. As a building material, renewable wood is an ecologically sustainable choice. As wood grows, it binds carbon dioxide, which is stored in the walls of a solid wood house for centuries. At the same time, as the new forest grows, it binds more carbon dioxide, which slows down climate change. For responsible consumers, choosing wood as a material for a house is an obvious way to take future generations into account.

Honkarakenne takes account of the environment by carefully utilising the wood raw material, saving energy, recycling waste and using recyclables. In its operating policy, Honkarakenne is committed to sustainable forestry through the traceability of wood (PEFC), and wood is not purchased from areas covered by conservation programmes.

The new stricter energy regulations also require new log products, which have been and will continue to be developed at Honka. In many ways, the factory's operations aim for the best environmental outcome. Investments in research and development make it possible to introduce new environmentally friendly production technologies. ETA approval and thus the right to CE marking are part of ensuring the high-quality and environmentally friendly operation of Honkarakenne.

Environmental aspects are implemented at Honkarakenne as efficient production operations. Careful utilisation of raw materials, energy saving, utilisation of by-products and recycling of waste for recovery are part of responsible environmental activities. Honkarakenne uses low-quality sawn timber from production in its packaging, and wooden recyclable packaging materials are stamped in accordance with the EU standard. Some of the cut-off, secondquality and waste timber is used chipped for energy production. Honkarakenne's cutter chips are delivered for further utilisation as bedding for agricultural needs, and the surplus log chips generated in production are processed into chip wool.

Honkarakenne sorts and pre-processes packaging plastic films and plastic-based binding materials. Recycled materials are delivered for further processing. Other waste is sorted at the factories by variety and delivered for recycling or post-storage. Waste transport agreements have been concluded with regional waste management companies.

The associated company Puulaakson Energia Oy produces all the thermal energy required in the Karstula factory. It also supplies thermal energy to the heating network of the municipality of

Karstula. The power plant uses the by-products from the Karstula factory, such as bark, sawdust and dry chips, as fuel. Honkarakenne's holding in the company is 25.9%.

Strategy 2025–2028 and Sustainability

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 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.

Personnel

At the end of financial year the Group's number of personnel was 156 (157; 169) and the Group's average number of personnel was 159 (157; 183). Measured in person-years the number totalled 156 persons (153; 174) during the year.

At the end of the financial year, the parent company had 149 (148; 163) employees, and the annual average was 151 (152; 177) employees.

Of Honkarakenne Oyj's personnel 75% (77; 78) worked at the Karstula factory and 25% (23; 22) at other locations. Clerical employees and management accounted for 64% (66; 65) of the parent company's personnel. Women accounted for 23% (23; 22) of the parent company's personnel. At the end of the year, part-time employees accounted for 2% (2; 3) of all employees. Temporary employees accounted for 1% (1; 1).

Expenses arising from the Group's employee benefits totalled EUR 8.2 million in the financial year 2025. In the previous year, they were EUR 7.6 million and in 2023 they were EUR 8.1 million.

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



Honka Kömmeli, Oulu, Finland

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 CLT log and learn about its operations.

Board of Directors and Senior Management

In 2025, the members of Honkarakenne Oyj's Board of Directors were: Arto Halonen, Timo Kohtamäki, Maria Ristola, Kari Saarelainen (until 11 April 2025), Rose-Mari Saarelainen (since 11 April 2025) and Antti Tiitola (until 11 April 2025). At the Board's organizing meeting, Timo Kohtamäki was elected as the Chairman of the Board and Maria Ristola as Vice 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 reappointed as auditor of the company, with Osmo Valovirta APA, as chief auditor.

During the financial year Honkarakenne's Executive Group consisted of: Marko Saarelainen, President & 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.

Group Structure

The parent company of Honkarakenne Group is Honkarakenne Oyj, which is domiciled in Karstula. The company's production facility and headquarters are located in Karstula (Finland), and the

company has a customer service centre and exhibition area in Tuusula (Finland) and sales offices across Finland.

Honkarakenne Group's operating companies include the parent company Honkarakenne Oyj (Finland), the subsidiaries Honka Japan Inc. (Japan) and Honka Blockhaus GmbH (Germany), and the associated company Puulaakson Energia Oy (25.9%).

Management Incentive Schemes

In March, the Board of Directors of the parent company approved the launch of the Equity Incentive Plan 2024-2026. The purpose of the plan is to align key employees with the company's objectives and to incentivise 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, nor a year earlier.

Shares and Shareholders

The company has two series of shares, Series A and Series B, with different dividend and voting rights. From the distributable profit, EUR 0.20 will first be paid for Series B shares. Then EUR 0.20 will also be paid for Series A shares, after which the remaining profit will be distributed equally among all shares. A Series B share carries one (1) vote, and a Series A share carries twenty (20) votes.

Shares and votes:

	Shares	Votes
Series A	300,096	6,001,920
Series B	5,911,323	5,911,323
Total	6,211,419	11,913,243

Honkarakenne's share capital is EUR 9,897,936.00. The shares have no nominal value.

Treasury Shares

Honkarakenne did not acquire any of its own shares during the financial year. At the end of the financial year, the Group held 321,052 of its own Series B shares with an acquisition price of EUR 1,186,556.34. Treasury shares account for 5.17% of all the company's shares and 2.69% of all votes. The acquisition cost has been deducted from shareholders' equity in the consolidated financial statements.

Trading in Shares

Honkarakenne's Series B shares are listed on Nasdaq Helsinki Oy's Small Cap list under the trading symbol HONBS. At the balance sheet date, the share price was EUR 2.88. The highest price for the year was EUR 3.52 and the lowest EUR 2.20. At the end of the financial year, market capitalisation was at EUR 17.0 million (the value of Series B shares has been used for unlisted Series A shares). The trading value of B shares was EUR 2.1 million, and the related trading volume was 0.8 million shares.

Key Figures per Share		2025	2024	2023
Earnings per share	EUR	-0.70	-0.37	-0.04
Dividend per share *)	EUR	0.0	0.0	0.0
Dividend payout ratio	%	-	-	-
Repayment of equity payout ratio	%	-	-	222.1
Effective dividend yield	%	0,0	0,0	0.0
Equity per share	EUR	1.62	2.32	2.79
P/E ratio		-4.1	-6,3	-79.5
SHARE PRICE DEVELOPMENT				
Highest share price of the year	EUR	3.52	3.50	4.98
Lowest share price of the year	EUR	2.20	2.18	2.85
Share price at balance sheet date	EUR	2.88	2.32	3.22
Market capitalisation **)	EUR million	17.0	13.7	19.0
Share turnover	trading value, EUR million	2.1	1.5	2.9
	trading volume, (1,000 pcs)	785	523	758
	% of total shares	13.3	8.9	12.9
ADJUSTED NUMBER OF SHARES				
	at the end of the financial year, (1,000 pcs)	5,890	5,890	5,890
	average during the period, (1,000 pcs)	5,890	5,890	5,888

*) The Board of Directors' proposal for the 2025 financial year.

***) The price of a B-share has been used as the value of an A-share.

Shareholders

At the end of the financial year, the company had a total of 4.953 shareholders, of which 8 were nominee-registered. The holdings of several investors can be managed through one nominee-registered shareholder

The company's major shareholders on 31 December 2025 by number of shares

Name	Series A	Series B	Total
1 AKR-Invest Oy		1,054,036	1,054,036
2 Saarelainen Oy	136,275	509,190	645,465
3 Saarelainen Marko Tapani	25,470	353,000	378,470
4 Honkarakenne Oyj		321,052	321,052
5 Nordea Nordic Small Cap Fund		252,457	252,457
6 Keskinäinen Työeläkevakuutusyhtiö Varma		222,812	222,812
7 Ristola Arimo Kalervo	20,000	135,332	155,332
8 Nordea Life Assurance Finland Limited		81,000	81,000
9 Etola Markus Eeriki		80,000	80,000
10 Ruuska Pirjo Helena	5,950	71,817	77,767
11 Valkila Erkka Ilpo Eerik		64,000	64,000
12 Skandinaviska Enskilda Banken Ab (Publ) Helsingin sivukonttori (nominee-registered)		63,479	63,479
13 Saarelainen Erja Anneli	4,480	56,742	61,222
14 Pim Partners Ab		58,000	58,000
15 Ruponen Sonja Helena		54,500	54,500
16 Yli-Krekola Antti Veikko		53,277	53,277
17 Localbitcoins Holding Oy		52,631	52,631
18 Osuusasunnot Oy		40,000	40,000
19 Savolainen Paul-Petteri		38,939	38,939
20 Saarelainen Mauri Olavi	10,456	28,377	38,833
21 Korhonen Tuomo Tapani		38,525	38,525
22 Ristola Kirsti Irma Tuulikki	10,000	27,432	37,432
23 Saarelainen Hanna Miira Maria	6,971	28,029	35,000
24 Saarelainen Paula Sinikka	11,703	23,205	34,908
25 Saarelainen Sirkka Liisa		31,900	31,900
26 Salmelin Simo Markku Juhani		30,806	30,806
27 Karhulahti Veikko Kalevi		30,085	30,085
28 Privatum Oy		29,000	29,000
29 Sceme Cars Oy		25,000	25,000
30 Saarelainen Merja Anita		23,948	23,948



Foreign and nominee-registered shares on 31 December 2025

	Shareholders	Number of shares	% of all shares	Votes	% of votes
Total foreign	13	5,735	0.09%	52,873	0.44%
Total nominee-registered (foreign)	5	35,738	0.58%	35,378	0.30%
Total nominee-registered (Finland)	3	66,477	1.07%	66,477	0.56%
Total	21	107,950	1.74%	154,728	1.30%
Number of shares issued		6,211,419	100.00%	11,913,243	

Distribution of share capital by size category on 31 December 2025

	Number of shareholders	% of all shareholders	Number of shares	% of all shares
1–100	2,646	53.4	99,673	1.6
101–500	1,475	29.8	375,478	6.0
501–1 000	426	8.6	329,510	5.3
1 001–5 000	317	6.4	699,556	11.3
5 001–10 000	41	0.8	298,343	4.8
10 001–50 000	31	0.6	729,918	11.8
50 001–100 000	10	0.2	645,876	10.4
100 001–500 000	5	0.1	1,330,123	21.4
Yli 500 001	2	0.0	1,699,501	27.4
Total		100.0	6,207,978	9.9
Of which nominee-registered	8	8	102,215	1.6
Waiting list	0	0		0
Joint account				0.1
Number of shares issued			6,211,419	100.0

Distribution of share capital by size category on 31 December 2025

	Number of shareholders	% of all shareholders	Number of shares	% of all shares
Companies	128	2.6	2,385,625	38.4
Financial and insurance institutions	8	0.2	411,457	6.6

	Number of shareholders	% of all shareholders	Number of shares	% of all shares
Public entities	1	0.0	222,812	3.6
Households	4,797	96.9	3,142,640	50.6
Non-profit organisations	6	0.1	3,971	0.1
Foreign ownership	13	0.3	41,473	0.7
Grand total	4,953	100.0	6,207,978	99.9
Of which nominee-registered	8	0.2	102,215	1.6
Waiting list	0		0	0.0
Joint account			3,441	0.1
Number of shares issued		100.0	6,211,419	100.0

Shareholding of the Board of Directors and the President & CEO on 31 December 2025

	Series A	Series B	Total	% of all shares	Votes	% of votes
Board's shareholding		9,808	9,809	0.16	9,809	0.08
President & CEO's shareholding *)	25,470	353,000	378,470	6.09	862,400	7.24
Total	25,470	362,819	388,279	6.25	872,209	7.32

*) incl. shareholdings of an underage child

The information provided on shareholders is based on the company's shareholder list maintained by Euroclear Finland Oy. Each nominee-registered shareholder has been entered in the share register as a single shareholder. The holdings of several investors can be managed through one nominee-registered shareholder.

Flagging Notifications

During the financial year 2025, no flagging notifications have been received.

Management Transactions

Honkarakenne's management transactions concerning the company's securities during the review period have been published as stock exchange releases and are available on Honkarakenne's website.

Board Authorisations

On 11 April 2025, the Annual General Meeting decided, that the company's Board of Directors is authorised to repurchase a maximum of 400,000 of the company's own B-shares with the company's unrestricted equity.

The Board of Directors also has the authorisation to decide on a share issue, either against payment or free of charge, and the issue of special rights, entitling to shares referred to in Chapter 10, Section 1 of the Limited Liability Companies Act, in one or more tranches.

Pursuant to the authorisation, the Board of Directors may issue new shares and/or dispose of a maximum of 1,500,000 of the old Series B shares held by the company, including those shares that may be issued under special rights.

Both authorisations will remain in force until the next Annual General Meeting but expire on 30 June 2026 at the latest.

Redemption Clause

If a Series A share is transferred to a shareholder other than the company's shareholder on basis other than inheritance, testament or matrimonial right, the Board must be notified of the transfer in writing. Within 30 days of receiving notification of the transfer, the Board of Directors has the right to redeem the Series A shares for the company at carrying amount according to the previous financial statements using the reserve fund or other assets exceeding the share capital. If the Series A shares are not redeemed for the company, the Board of Directors must immediately inform the shareholders holding the company's Series A shares of these matters. Holders of Series A shares have the right of redemption at the above-mentioned price within 30 days of the above-mentioned notice. If more than one shareholder wishes to exercise that right, the redeemable Series A shares are to be distributed among them based on their holding of Series A shares in the company or, if that is not possible, by drawing lots. The company's Series B shares are not subject to the right of redemption but are freely transferable.

Shareholders' Agreement

Saarelainen Oy and certain private Honkarakenne Oyj shareholders within the Saarelainen family signed an amended shareholders' agreement on 17 February 2009. The parties to the agreement have agreed that the private shareholders will make an effort to exercise their voting rights unanimously at the company's General Meetings. If they are unable to reach consensus, the private shareholders will vote in favour of the position supported by Saarelainen Oy. According to the agreement, when electing representatives of the Saarelainen family to Honkarakenne Oyj's Board of Directors, the private shareholders must reach a unanimous decision. If a consensus cannot be reached, Saarelainen Oy's General Meeting will decide which family members are to be elected based on the majority of votes cast at the meeting.

According to the shareholders' agreement, the private shareholders undertake, with certain exceptions, not to sell or transfer their A-shares in Honkarakenne Oyj to any entity other than a private shareholder that has signed the agreement or Saarelainen Oy without first offering the shares they intend to sell or transfer to Saarelainen Oy, or a buyer appointed by Saarelainen Oy with a right of first refusal.

In addition to Saarelainen Oy, the agreement covers the following shareholders: Saarelainen Sinikka, Saarelainen Erja, Saarelainen Mauri, Ruuska Pirjo, Saarelainen Anita, Saarelainen Kari, Saarelainen Paula, Ruponen Helena, Saarelainen Jukka, Saarelainen Sari and Saarelainen Jari. The parties to the agreement, including their underage children, have a combined holding of 178,066 A-shares and 778,730 B-shares. The holding of all shares is 15.40%, and the share of all votes is 36.43%.

Related Party Transactions

The Group's related parties consist of subsidiaries and associated companies; the company's management and the companies in which they exercise influence, as well as the persons covered by

the Saarelainen shareholders' agreement, and the 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 is based on market-based pricing.

During the financial year, ordinary transactions were made with related parties as follows: goods and services were sold to related parties for EUR 0.1 (0.2) million, and goods and services were purchased from related parties for EUR 0.4 (0.3) million. The financial statements include EUR 0.0 (0.0) million in liabilities to related parties and EUR 0.0 (0.0) million in receivables from related parties. At the balance sheet date, the parent company has receivables from subsidiaries of EUR 1.2 (1.7) million, and debts to subsidiaries of EUR 0.1 (0.1) million. No credit losses have been recognised on receivables from related parties in 2025 or 2024.

Corporate Governance

In 2025, Honkarakenne Oyj complied with the Finnish Limited Liability Companies Act and the Securities Market Association's Corporate Governance Code 2025 for Finnish listed companies. The Corporate Governance Statement for the financial period 1 Jan–31 Dec 2025 is provided separate from this Board of Directors' Report.

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.

Events after the financial year

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 will be paid or repayment of capital from the invested unrestricted equity fund will be distributed for the financial year that ended on 31 December 2025.

2026 Annual General Meeting

The Annual General Meeting of Honkarakenne Oyj will be held on Thursday, 23 April 2026 at 2:00 pm EET.

Tuusula, 11 February 2026

BOARD OF DIRECTORS

This report contains forward-looking statements that are based on the assumptions currently known to the company's management and the management's current decisions and plans. Although the management believes that the forward-looking assumptions are reasonable, there is no guarantee that they will prove to be correct.

Consolidated Statement of *Comprehensive Income* (IFRS)

EUR1,000	Note	1 Jan-31 Dec 2025	1 Jan-31 Dec 2024
Revenue (net sales)	1, 2	37,169	36,713
Other operating income	3	528	545
Change in inventories of finished goods and work in progress		-184	-685
Materials and services		-25,881	-23,509
Employee benefits expenses	4	-8,182	-7,635
Depreciation	6	-2,195	-2,255
Other operating expenses	7	-5,241	-5,549
Operating profit/loss		-3,986	-2,375
Financial income	8	68	116
Financial expenses	8	-386	-325
Share of profit of associated companies		-72	-65
Profit/loss before taxes		-4,376	-2,649
Income taxes	9	259	489
Net profit/loss for the financial year		-4,117	-2,160
Other comprehensive income that may be subsequently transferred to profit or loss:			
Translation differences related to foreign subsidiaries		7	-92
Comprehensive income for the financial year in total		-4,110	-2,252
DISTRIBUTION OF THE RESULT FOR THE FINANCIAL YEAR			
To the owners of the parent company		-4,117	-2,160
To non-controlling interests		-	-
		-4,117	-2,160
DISTRIBUTION OF COMPREHENSIVE INCOME			
To the owners of the parent company		-4,110	-2,252
To non-controlling interests		-	-
		-4,110	-2,252
Earnings per share calculated from the profit/loss attributable to owners of the parent company:	10		
basic earnings per share (EUR)		-0,70	-0,37
diluted earnings per share (EUR)		-0,70	-0,37

The company has two series of shares, Series A and Series B, which have different rights to dividends. From the distributable profit, EUR 0.20 will first be paid for Series B shares. Then EUR 0.20 will also be paid for Series A shares, after which the remaining profit will be distributed equally among all shares.

Consolidated Statement of *Financial Position* (IFRS)

Assets

EUR1,000	Note	31.12.2025	31.12.2024
NON-CURRENT ASSETS			
Property, plant and equipment	11	10,388	11,692
Goodwill	12	72	72
Other intangible assets	12	575	672
Investments in associated companies	13	354	426
Receivables	15, 25	264	184
Deferred tax assets	16	1,748	1,493
Total		13,400	14,539
CURRENT ASSETS			
Inventories	17	4,338	4,551
Trade and other receivables	18	1,628	2,515
Income tax assets	18	-	-
Other financial assets	14	-	-
Cash and cash equivalents	19	2,468	4,970
Total Total		8,434	12,036
TOTAL ASSETS		21,834	26,575

Equity and Liabilities

EUR1,000	Note	31.12.2025	31.12.2024
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	20	9,898	9,898
Share premium account	20	520	520
Invested unrestricted equity fund	20	4,162	4,162
Own shares	20	-1,187	-1,187
Translation differences	20	-131	-138
Retained earnings		-3,704	413
Total		9,558	13,669
Non-controlling interests		0	-
Total equity		9,558	13,669
NON-CURRENT LIABILITIES			
Deferred tax liabilities	16	-	4
Provisions	22	277	252
Financial liabilities	21, 25	2,723	3,672
Total		3,000	3,928
CURRENT LIABILITIES			
Trade and other liabilities	23	8,533	8,156
Current tax liabilities	23	-	1
Provisions	22	-	-
Current financial liabilities	21, 25	742	820
Total		9,275	8,978
Total liabilities		12,275	12,906
TOTAL EQUITY AND LIABILITIES		21,834	26,575

Consolidated Statement of *Cash Flows* (IFRS)

EUR1,000	Note	Jan-Dec/2025	Jan-Dec/2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the financial year		-4,117	-2,160
Adjustments			
Transactions not involving a payment transaction	28	2,078	2,115
Financial income and expenses	8	318	208
Gains on disposal of non-current assets		-	-28
Losses on disposal of non-current assets		-	-
Taxes	9	-259	-489
Changes in working capital			
Change in trade and other receivables		-1,166	1,224
Change in inventories		212	725
Change in trade and other liabilities		507	-1,914
Other working capital adjustments		56	39
Interest paid		-157	-169
Other financial expenses		-102	-24
Interest received		24	62
Dividends received from operations		1	14
Other financial income		6	41
Taxes paid		-	-
Net cash flow from operating activities		-365	-355

EUR1,000	Note	Jan-Dec/2025	Jan-Dec/2024
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment		-1,104	-797
Grants received for tangible assets		-	195
Investments in intangible assets		-118	-423
Sale of property, plant and equipment		-	28
Net cash flow from investing activities		-1,222	-998
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan withdrawals		-	1,700
Repayments of long-term loans	21	-400	-600
Payments of lease liabilities	21	-426	-483
Repayment of capital		-	-530
Net cash flow from financing activities		-826	87
Change in cash and cash equivalents		-2,412	-1,265
Impact of exchange rate changes on cash and cash equivalents		-90	-116
Change in cash and cash equivalents at the end of financial year	14, 19	-2,502	-1,381
Cash and cash equivalents at the end of the financial year	14, 19	-2,468	4,970
Cash and cash equivalents at the beginning of the financial year		-4,970	6,350
Change in cash and cash equivalents at the end of financial year		-2,502	-1,381

Statement of Changes in Consolidated Equity (IFRS)

EUR,000	Equity attributable to owners of the parent						Retained Earnings	Total	Non-Controlling Interests	Total Equity
	Share Capital	Share Premium Account	Invested Unrestricted Equity Fund	Treasury Shares	Translation Differences					
Equity on 1 January 2024	9,898	520	4,692	-1,187	-46	2,573	16,451	-	16,451	
COMPREHENSIVE INCOME										
Income for the financial year	-	-	-	-	-	-2,160	-2,160	-	-2,160	
Other comprehensive income items	-	-	-	-	-92	-	-92	-	-92	
Translation difference	-	-	-	-	-92	-2,160	-2,252	-	-2,252	
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR TOTAL	-	-	-	-	-92	-2 160	-2 252	-	-2 252	
Transactions with the owners										
Repayment of capital	-	-	-530	-	-	-	-530	-	-530	
Effect of share-based remuneration	-	-	-	-	-	-	-	-	-	
Transactions with the owners in total	-	-	-	-	-	-	-530	-	-530	
Equity on 31 December 2024	9,898	520	4,162	-1,187	-138	413	13,669	-	13,669	
Equity on 1 January 2025	9,898	520	4,162	-1,187	-138	413	13,669	-	13,669	
COMPREHENSIVE INCOME										
Income for the financial year	-	-	-	-	-	-4,117	-4,117	-	-4,117	
Other comprehensive income items										
Translation difference	-	-	-	-	7	-	7	-	7	
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR TOTAL	-	-	-	-	7	-4,117	-4,110	-	-4,110	
Transactions with the owners										
Repayment of capital	-	-	-	-	-	-	-	-	-	
Transactions with the owners in total	-	-	-	-	-	-	-	-	-	
Equity on 31 December 2025	9,898	520	4,162	-1,187	-131	-3,074	9,558	-	9,558	

Accounting Principles for Consolidated Financial Statements (IFRS)

Basic Information About the Group

Honkarakenne Group (Honkarakenne) manufactures and sells log and solid-wood house packages as well as related design and construction services. The Group's parent company is Honkarakenne Oyj. The parent company is domiciled in Karstula, and its registered address is Hongantie 41, FI-43500 Karstula, Finland. Honkarakenne Oyj is a public limited company, and Honkarakenne Oyj's Series B shares are listed on Nasdaq Helsinki Oy's Small Cap list under the trading symbol HONBS.

A copy of the consolidated financial statements is available at www.honka.com or Honkarakenne Oyj's head office at the address above. At its meeting on 11 February 2026, Honkarakenne Oyj's Board of Directors approved the consolidated financial statements for issue. According to the Finnish Limited Liability Companies Act, shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting held after the issue.

Basis of Preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as well as the AS/IFRS standards and SIC and IFRIC interpretations in force on 31 December 2025. International Financial Reporting Standards refer to the standards and interpretations adopted for application in the EU in accordance with the procedure laid down in the Finnish Accounting Act and the regulations issued on the basis thereof in EU Regulation (EC) No. 1606/2002. The notes to the consolidated financial statements also comply with

the requirements of Finnish accounting and community legislation supplementing the IFRS. The notes form an integral part of the financial statements.

The auditor has certified or audited the 2025 ESEF financial statements prepared in accordance with the European Commission's technical regulatory standard to be published in accordance with Chapter 7, Section 5 of the Securities Markets Act.

When preparing the consolidated financial statements, management has had to make forward-looking estimates and assumptions as well as judgements in the application of the accounting principles. These estimates and decisions may affect the amounts of assets, liabilities, income, and expenses recognised during the reporting period and the contingent items presented. Although the management believes that the forward-looking estimates and assumptions are reasonable, there is no guarantee they will prove to be correct. It is possible that the actual results differ from the estimates used in the financial statements.

Consolidated Financial Statements

Group Companies

The consolidated financial statements include the parent company Honkarakenne Oyj and all the subsidiaries over which the parent company has control. A parent company has control over a company if it has, directly or indirectly, over 50 per cent of the voting rights or if it otherwise has the power to govern the company's operating activities or financial policies. The subsidiaries are fully included in

the consolidated financial statements from the date on which the Group gains control. They will stop being included when the control ceases. Expenses directly related to the acquisition are recognised as an expense as incurred.

Business combinations are accounted for using the acquisition method. The consideration to be paid for the acquisition of the subsidiary includes transferred assets, the liabilities incurred by the previous owners and the equity interests issued by the Group. These have been measured at their fair values. Expenses directly attributable to business combinations are recognised in profit or loss, and they are not included in the consideration transferred. The consideration transferred includes the fair value of the asset or liability arising from the contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a merger are measured at their fair values at the acquisition date. The non-controlling interest in the acquiree is recognised on an acquisition-specific basis at either fair value or the non-controlling interest's proportionate share of the acquiree's identifiable net assets included in the statement of financial position.

A possible contingent consideration is recognised at the fair value of the acquisition date. Subsequent changes in the fair value of a contingent consideration that is an asset or liability are recognised in profit or loss. If the contingent consideration is classified as equity, its carrying amount does not change and, when the consideration is subsequently paid, the related entries are made under equity.

Intra-group transactions, unrealised internal margins, internal receivables and liabilities and internal dividends have been eliminated from the consolidated financial statements. The distribution of

profit for the financial year to the parent company's owners and the non-controlling interests is presented in the statement of comprehensive income. In the statement of financial position, non-controlling interests are included in the Group's total equity.

Associated Companies

Associated companies are companies in which the Group has significant influence, but no full or shared control. Typically, it is considered significant influence when the Group has 20 per cent or more of the company's voting rights but no control over it.

In the consolidated financial statements, associated companies are included using the equity method. In the equity method, the share of the associated companies' result that is equivalent to the Group's holding is included in the consolidated statement of comprehensive income. If the Group's share of the associated company's losses exceeds the carrying amount of the investment, the investment is entered in the statement of financial position at zero value and the excess losses are not taken into account unless the Group is committed to fulfilling the associated companies' obligations.

Segment Reporting

Honkarakenne has two geographical operating segments, which have been combined into one reportable segment. Geographically, the sales are divided as follows: Finland and exports. Internal management reporting complies with the IFRS reporting, due to which separate reconciliations are not presented.

Estimates

The preparation of consolidated financial statements in accordance with IFRS requires the Group's management to make estimates and assumptions as well as choices regarding the application of the Group's accounting principles. Even though these estimates are

based on the management's best knowledge at the time, the actual results may differ from the estimates.

The most significant estimates are related to:

- customer contracts,
- estimation of income tax amounts,
- valuation of trade receivables and recognition of uncertain trade receivables,
- the useful lives of intangible and tangible non-current assets,
- the recoverable amount of intangible and tangible non-current assets,
- assessment of the probability and amount of provisions,
- presentation of contingent assets and liabilities.

Foreign Currency Items

Figures concerning the financial performance and position of Group companies are presented in the currency of each unit's primary operating environment (functional currency). The consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency.

Foreign currency transactions are recognised in the functional currency at the exchange rate valid on the transaction date. Foreign currency monetary items have been translated into euros at the exchange rates valid on the balance sheet date. Gains and losses from foreign currency transactions and the translation of monetary items are recognised in the statement of comprehensive income. Foreign exchange gains and losses are presented under financial income and expenses in the statement of comprehensive income.

The statements of comprehensive income for Group companies that do not use the euro as their functional currency have been translated into euros using the average exchange rate for the financial

year, while their statements of financial position have been translated using the exchange rate on the balance sheet date. Translating the result for the financial year at different exchange rates in the statement of comprehensive income and statement of financial position creates a translation difference recognised in equity, the change in which is presented in other comprehensive income items.

Translation differences from the elimination of the acquisition cost of subsidiaries that do not use the euro as their functional currency and the translation of equity items accrued after acquisition are recognised in the other comprehensive income items under translation differences. When such a subsidiary is sold, the accumulated translation difference is recognised in the statement of comprehensive income as part of the gain or loss on sale.

Revenue (net sales) from Customer Contracts

Revenue

Revenue (net sales) includes the sales income from customer contracts related to the Group's primary business activities less indirect taxes and discounts granted. The transaction price expected from the customer is estimated at the beginning of the goods or services for sale.

Goods and Services for Sale

The Group sells and manufactures log and solid-wood house packages as well as related design and construction services. In addition to house packages and construction services, the Group sells log billets and process by-products. The sales income related to Honkarakenne's primary business activities is presented as revenue. The income from the sale of other goods and services is presented under other operating income.

The time of recognition of sales income is based on the transfer of control of goods or a service to the customer. The customer is considered to have gained control when the customer is able to control the use of the goods or service and obtain related benefit. Honkarakenne has sales income that is recognised both at a specific date and over time.

Income from Goods for Sale

Sales income from house packages, log billets, and by-products is recognised when control over the goods is transferred to the customer. As a rule, income from the sale of house packages, log billets, and by-products is recognised at a specific date. However, if several deliveries are made at different times, the income is recognised according to delivery when control over each delivery item is transferred to the customer.

Income from Services for Sale

Income from the sale of services is recognised either at a specific date or over time, depending on the service, the related terms of contract and the duration of the service. Sales income is recognised at a specific date in the case of customer contracts which include short-term services and in which control is transferred to the customer at a given time. Sales income is recognised over time in the case of customer contracts under which the asset is under the customer's control while Honkarakenne is creating or improving it. Such customer contracts may include both materials and services, or just services.

Honkarakenne recognises the income from the sale of customer contracts to be recognised over time by determining the degree of fulfilment of each contract. The Group considers that the degree of fulfilment describes the fulfilment of the entire performance obligation, i.e., the transfer of control over the performance under the contract. The Group uses an input-based method to determine the degree of fulfilment. In the method, the costs incurred are compared with estimated total costs (cost-based input method, percentage-of-completion method).

If it is not, for some reason, possible to determine the degree of fulfilment and the expenses are expected to be covered, sales income is only recognised to the extent to which expenses have incurred. If it is probable that the total cost of completing the item will exceed the transaction price obtained for the project, the predicted loss is recognised as an expense under provisions. If, at the time of reporting, the amount invoiced for the contract is lower than the sales income recognised on the basis of the project's degree of fulfilment, the difference is presented as a contractual adjustment item under trade and other receivables in the statement of financial position. If, at the time of reporting, the amount invoiced for the contract is higher than the sales income recognised on the basis of the project's degree of fulfilment, the difference is presented as a contractual liability under current liabilities in the Advances received section of the statement of financial position.

A breakdown of revenue and additional information on sales income recognised on the basis of customer contracts is presented in Note 2.

Other Operating Income

Other operating income includes gains on the sale of non-current assets and income not related to the primary business activities, such as lease income and government grants received as compensation for expenses incurred. Government grants received as compensation for expenses incurred are recognised as income in the same period as the expenses are recognised.

Employee Benefits

Pensions

The Group's pension plans are mainly defined contribution plans. Payments made into defined contribution pension plans are recognised in the statement of comprehensive income during the financial year to which they apply. After this, the Group will no longer have any other obligations or payments for the year in question.

Share-Based Payments

In the group's share-based incentive system, where the earning period is calendar years 2024-2026, payments are made in combination of shares and cash.

The recording of the expense related to the share bonus system is based on the group management's estimate of the realized number of shares, to which the right is assumed to arise at the end of the date of birth of the right. The estimated number of earned shares is updated until the end of the vesting period based on the fulfillment of the earning criteria and the number of earned performance bonuses. The group updates the assumption of the final number of shares on each end of the reporting period.

At the time of closing the accounts in 2025, the program did not create an expense item in the group's result.

Termination Benefits

A termination benefit is an expense for which the company does not receive compensation in the form of work performed. Termination benefits are recognised as expenses when the Group has made a decision to terminate the employee's employment. Any benefits that the Group has offered to promote voluntary redundancies are also recognised as expenses. Other liabilities related to termination benefits that are likely to arise under various regulations have been estimated at the balance sheet date and recognised as expenses and liabilities.

Research and Development Expenditure

Research expenses are recognised as expenses in the statement of comprehensive income in the year in which they are incurred. Expenses related to the development of new products and processes have not been capitalised, as the future income from them will only be secured when the products enter the market.



Leases

Lease Liability

On the start date of the lease, Honkarakenne values the lease liability at the present value of the rents that remain unpaid on that date. Lease payments included in the value of a lease liability consist of payments made during the lease for the right-to-use the underlying asset that have not been made by the start date of the lease. The payments include fixed lease payments less any lease incentives receivable and variable lease payments that depend on an index or a rate and which are initially measured using the index or rate on the start date of the lease. Leases may also involve sanctions for terminating the lease. Honkarakenne will take account of the payment arising from the termination of the lease as part of the lease payments if it has taken the exercise of the termination option into account in the lease period. VAT is not included in the amount of the lease liability.

Lease payments are discounted at the interest rate implicit in the lease if that rate is readily determinable. If the interest rate implicit in the lease is not readily determinable, the incremental borrowing rate may be used instead. According to the standard, the incremental borrowing rate is defined as the interest rate that a lessee would pay to borrow, for a similar period and with similar security, the funds required for obtaining an asset whose value equals the acquisition cost of the right-of-use asset in a similar economic environment.

At the time of the adoption of the standard, the interest rate implicit in Honkarakenne's current leases was not readily determinable, so future minimum rents were discounted using the estimated incremental borrowing rate. The company assesses the incremental borrowing rate once a year in connection with the preparation of the financial statements and applies it until the next financial statements.

Right-of-use Asset

Honkarakenne recognises the right-of-use asset arising from the lease on the start date of the lease, i.e., on the date on which the

lessor makes the underlying asset available to Honkarakenne. Honkarakenne measures the right-of-use asset at the acquisition cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The initial acquisition cost of the asset includes the initial amount of lease liability recognised and lease payments made by the start date less any incentives received, and initial direct costs incurred for the lease. In the acquisition costs, Honkarakenne also takes account of any costs related to the restoration of the underlying asset.

Low-value Assets and Short-term Leases

Honkarakenne does not recognise leases including low-value assets according to IFRS 16 in the statement of financial position. Instead, Honkarakenne recognises these leases on a time proportion basis as lease expenses in the statement of comprehensive income.

Honkarakenne does not recognise leases of less than 12 months, i.e., short-term leases according to IFRS 16, in the statement of financial position. Honkarakenne recognises these leases on a time proportion basis as lease expenses in the statement of comprehensive income. When determining whether the lease meets the criteria for a short-term lease, Honkarakenne assesses the length of the contract in the same way as with other contracts, i.e., taking into account possible extension and termination options and whether their exercise is reasonably certain. If the lease includes a purchase option, Honkarakenne does not consider it to be a short-term lease.

Significant Assumptions

According to IFRS 16, the lessee must determine the lease period as a period during which the lease cannot be terminated, also taking account of any extension or termination options if their exercise has been assessed as reasonably certain. Honkarakenne has assessed the consideration of further options as part of the lease period on a lease-by-lease basis.

Honkarakenne has lease contracts valid until further notice, particularly for business premises. In the case of premises for which the

lease is valid until further notice, the length of the lease period is based on an estimate on the length of the lease period provided by Honkarakenne's management. The estimate takes account of, for example, significant improvements made to the leased property during the lease period, expenses related to the termination of the lease and the importance of the asset to Honkarakenne's operations, taking into account the property's specificity, location and availability of suitable alternatives. Management will reassess the length of the lease period in the future to ensure that the lease period reflects the conditions at the time of the review.

Operating Profit

Operating profit consists of the revenue and other operating income, plus or minus any change in inventories of finished goods and work in progress, plus production for own use and minus materials and services, employee benefit expenses, depreciation and impairment and other operating expenses.

Interest

Interest expenses are recognised as expenses in the statement of comprehensive income.

Income Taxes and Deferred Taxes

The following are recognised as income taxes in the Group's statement of comprehensive income: accrual-based taxes calculated on the basis of the Group companies' taxable profit for the financial year, tax adjustments for previous financial years and the change in deferred tax liabilities and assets. The tax effect related to items recognised directly in equity is recognised in equity accordingly. The tax based on taxable income for the financial year is calculated on the taxable income in accordance with the tax rate of each country.

Deferred tax is calculated on temporary differences between the carrying amount and taxable value using either the tax rate valid at the balance sheet date or a known, fixed tax rate that will enter into force later. Deferred tax liabilities are not recognised in the case of an initially recognised asset or liability that does not arise from a business combination and whose recognition does not affect the financial result or taxable income at the time of the transaction. Deferred tax assets are only recognised to the extent that it is probable that there will be future taxable income, against which the temporary difference can be utilised. The probability is assessed using estimated taxable income based on Honkarakenne's business plans and budgets. The conditions for recognising a deferred tax asset are assessed at the end of each reporting period. Deferred tax liability and asset have been recorded on the balance sheet.

The most significant timing differences arise from unused tax losses, the difference between the useful life of property, plant and equipment and tax depreciation, the recognition policy for construction-related projects, provisions and leases accounted for in accordance with IFRS16. Tax-deductible losses have been taken into account as tax assets to the extent that the company is likely to be able to utilise them in the coming years. Deferred tax liabilities are only recognised for the undistributed profits of subsidiaries if the tax payment can be considered to be realised in the foreseeable future.

Government Grants

Government grants related to the acquisition of tangible or intangible assets are recognised as deductions from the carrying amount of tangible assets, and grants are recognised as minor depreciations over the useful life of the asset.

Government grants received as compensation for costs incurred are recognised as other operating income or as a deduction in the period during which the costs are recognised as expenses.

Tangible Assets

The Group's tangible assets largely consist of land, buildings, machinery and equipment. In the statement of financial position, they are measured at the original acquisition cost less accumulated depreciation and any impairment losses. The acquisition cost of the assets manufactured by the Group includes materials as well as direct labour costs and other direct costs due to the completion of the asset for its intended use. If a tangible asset consists of several parts with different useful lives, the parts are treated as separate assets. Regular maintenance and repair costs are expensed when they incur. Significant improvement or additional investments are recognised as part of the asset's acquisition cost and depreciated over the remaining useful life of the main asset if it is probable that future economic benefits associated with the investment will flow to the Group.

Tangible assets are depreciated on a straight-line basis over their estimated useful lives, from the time they are available for use. Land is not depreciated.

The estimated useful lives of property, plant and equipment:

- Buildings and structures 10–30 years,
- Machinery and equipment 3–12 years,
- Other tangible assets 3–10 years.

Gains and losses on decommissioning and disposal of tangible assets are recognised in the statement of comprehensive income through profit and loss. Capital gains or losses are measured as the difference between the sales price and residual value. Gains on the decommissioning and disposal of tangible assets are included in other operating income. If the sales price of the product does not cover the remaining residual value of the asset, the residual value is adjusted through impairment.

Intangible Assets

Goodwill

Goodwill is the total amount by which the consideration transferred, the non-controlling interest and the previously owned holdings exceed the fair value of the acquired subsidiary's identifiable net assets at the acquisition date. Goodwill is tested annually for impairment. For this purpose, goodwill is allocated to cash-generating units. Goodwill is measured at initial acquisition cost less any impairment losses. Impairment losses are recognised as an expense in the statement of comprehensive income. The carrying amount of goodwill allocated to the divested company or business is treated as capital gain or loss.

Other Intangible Assets

An intangible asset is initially recognised in the statement of financial position at acquisition cost when the acquisition cost can be determined reliably, and it is expected that the intangible asset will generate economic benefits for the Group. The acquisition cost of an intangible asset comprises its purchase price and all costs directly attributable to bringing the asset to its working condition for its intended use. Intangible assets with a known or estimated limited useful life are depreciated on a straight-line basis over their useful lives as an expense in the statement of comprehensive income. Depreciation begins when the asset is ready for use. No expenses are recognised for intangible assets with an indefinite useful life, instead they are tested for impairment annually or when necessary. The Group does not currently have any intangible assets with an indefinite useful life.

Acquired IT systems and licences are capitalised at acquisition cost and the cost of software deployment. The acquisition cost is depreciated on a straight-line basis over the estimated useful lives of the information systems and licences.



The estimated useful lives of intangible assets:

- IT systems and software 3–5 years,
- Other intangible rights 5–10 years.

Subsequent expenditure on intangible assets is only capitalised when it increases the Group's future economic benefit from the said assets beyond the initially estimated level of performance. Otherwise, the expense is recognised as an expense in the statement of comprehensive income when it incurs.

Impairment of Tangible and Intangible Assets

At each balance sheet date, Honkarakenne Group assesses whether there is any indication of the impairment of an asset. If there is such indication, the asset's recoverable amount is estimated. The recoverable amount is assessed annually for the following assets, regardless of whether there is any indication of impairment: goodwill, intangible assets with an indefinite useful life and intangible assets in progress. The need for impairment is examined at the level of cash-generating units. The recoverable amount is the asset's fair value less the costs of disposal or a higher value in use.

In determining the value in use, the estimated future cash flows are discounted to their present value using discount rates that reflect the time value of money and the specific risks associated with the asset. If it is not possible to calculate recoverable future cash flows for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is immediately recognised in the statement of comprehensive income and is first allocated to goodwill allocated to the cash-generating unit and then to other assets on a straight-line basis. Impairment losses on assets other than goodwill are reversed if there has been a change in

circumstances and evaluation criteria and the recoverable amount of the asset has increased since the impairment loss was recognised. However, impairment losses are not reversed beyond the carrying amount the asset would have if no impairment loss had been recognised. The calculation of recoverable amounts requires the use of estimates.

Inventories

Inventories are valued at the lower of acquisition cost or net realisable value. The net realisable value is the estimated sales price in the ordinary course of business, less the estimated costs of completion and the estimated necessary sales expenses. The value of materials and supplies is mainly determined using the calculation of the moving average price and the FIFO method (first in, first out). The moving average price includes all direct costs of the acquisition.

In addition to the acquisition cost of materials and direct labour costs and other direct costs, the acquisition cost of manufactured inventories includes variable production overheads and general expenses. The carrying amount of inventory plots is reduced if they are expected to be sold at less than their acquisition cost. The net realisable value of inventory plots is based on their market price. Inventories are written down for obsolete items.

Financial Assets and Financial Liabilities

Financial Assets

Financial assets are recorded in the accounts on the settlement date. Upon initial recognition, the Group categorises the financial assets as follows: financial assets valued at amortised cost, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income. The categorisation depends on the business model used to manage the financial assets and the contractual terms governing cash flows. Financial

assets are derecognised from the statement of financial position when the right to contractual cash flows has expired, and any material risks and benefits related to the asset have been transferred outside the Group.

Financial Assets at Fair Value Through Profit or Loss

In the Group, financial assets at fair value through profit or loss include all derivative contracts that do not qualify for hedge accounting. Such derivative contracts include the Group's currency, interest and commodity derivatives. Derivatives are recognised at fair value based on quoted market prices and generally accepted valuation models. Changes in fair value are recognised in accordance with the purpose of the derivative, either under financial items or other operating income and expenses. Honkarakenne has not applied hedge accounting and has not made a decision to start hedge accounting in accordance with IFRS 9. In 2025, the Group has not had any valid derivative contracts.

At the balance sheet date, the Group had EUR 0.0 (0.0) million of financial assets at fair value through profit or loss.

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income are non-derivative financial assets that are held for the collection of contractual cash flows and sale of financial assets and whose cash flows are comprised solely of capital and interest payments. This could include the Group's short-term financial market investments. Changes in fair value are recognised in other comprehensive income, except for impairment losses and interest income and exchange differences recognised using the effective interest method, which are recognised as financial items through profit or loss.

This category also includes the Group's equity investments in shares and shareholdings to the extent that these investments have not been placed in another category on the basis of the business model.

Financial Assets Valued at Amortised Cost

Financial assets valued at amortised cost are non-derivative financial assets that are held for the collection of contractual cash flows and whose cash flows are comprised solely of capital and interest payments. This category also includes trade receivables and other receivables in the consolidated statement of financial position. The financial assets in this category are initially recognised at fair value plus transaction costs and valued at their amortised acquisition cost using the effective interest method. Profit or loss on a financial asset valued at amortised cost is recognised through profit or loss when the asset is derecognised from or impaired in the statement of financial position.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, bank account balances and liquid financial market investments with an original maturity of three months or less. Cash and cash equivalents include financial assets valued at amortised cost.

Impairment of Financial Assets

The impairment model for financial assets is based on expected credit losses, which take account of the customer's credit risk. The simplified procedure for expected credit losses is applied to trade receivables and assets based on customer contracts in accordance with IFRS 15, and receivables are classified according to their maturity date and the estimated impairment is assessed by category.

In addition, at each balance sheet date, the Group assesses whether there is objective evidence of a financial asset item or group of financial assets becoming impaired. If there is substantiated evidence of impairment, the recoverable amount of the financial asset, which is the fair value of the item, is estimated and an impairment loss is

recognised to the extent that the carrying amount exceeds the recoverable amount. Impairment losses are recognised as an expense in the statement of comprehensive income. Significant financial difficulties of the debtor, probability of bankruptcy and default or delay in payment for more than 90 days are evidence of a financial asset's possible impairment.

Financial Liabilities

Financial liabilities are initially recognised at fair value on the settlement dates less transaction costs. Later, all financial liabilities, except derivative instruments, are valued at amortised acquisition cost using the effective interest method.

In the Group, financial liabilities at fair value through profit or loss include all derivative contracts that do not qualify for hedge accounting. Honkarakenne has not applied hedge accounting and has not made a decision to start hedge accounting in accordance with IFRS 9. In 2025, the Group has not had any valid derivative contracts. During the comparison period, the company has taken out a financial loan of 1.7 million euros, the reference interest rate of which is a fixed 2.57% with the interest rate pipe connected to the reference interest rate of the debt agreed for the loan period. The loan interest margin is 1.5 percentage points, so the total interest is a fixed 4.07%. The independent handling of the interest rate swap agreement does not have a significant impact on the financial statements, and the contract's calculated fair value is negligible.

The Group has both long-term and short-term financial liabilities, which may be interest-bearing or non-interest-bearing. Financial liabilities are derecognised from the statement of financial position when the related obligations have ceased.

Treasury Shares

If the Group's parent company or its subsidiaries acquire shares in the parent company, the Group's equity is deducted by the amount

of the consideration paid plus transaction costs. If the purchased treasury shares are resold or reissued, the consideration received is recognised in equity.

Provisions

Provisions are recognised when the Group has a current legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be measured reliably. Provisions may be related to guarantees, onerous contracts, litigation, environmental and tax risks or restructuring.

Warranty provisions are recognised when a product under warranty is sold. The amount of the warranty provision is based on empirical information on actual warranty expenses. A provision is recognised for an onerous contract when the expenses necessary to meet the obligations exceed the benefits to be received from the contract. A dispute provision is recognised for disputes and legal proceedings when the company's management estimates that the transfer of financial resources from the company is probable, and the amount of the obligation can be estimated reliably. A restructuring provision is recognised when a detailed and appropriate plan has been prepared for restructuring and the relevant parties have been informed of the arrangement, thus giving sufficient reason to expect the restructuring to take place. The recognised provision is the best estimate of costs required for the fulfilment of the existing obligation on the balance sheet date.

A contingent liability is a potential obligation that arises from past events and whose existence will only be confirmed by the occurrence of an uncertain event beyond the Group's control. Contingent liabilities also include existing obligations that are unlikely to require the fulfilment of payment obligations or the amount of which cannot be reliably determined. No provisions are recognised for

contingent liabilities. They are presented in the Notes to the Financial Statements.

Contingent assets arise from unplanned or other unforeseen events that may result in an economic benefit to the Group. Contingent assets are not recognised in the financial statements. Instead, they are presented in the Notes to the Financial Statements.

Dividends

The dividend proposed by the Board of Directors of the Group's parent company is included in retained earnings in the consolidated statement of financial position and the dividend is recognised for the financial year during which the Annual General Meeting decides on the distribution of dividends.

Earnings per Share

Earnings per share are calculated by dividing the profit for the financial year attributable to the parent company's shareholders with the weighted average of outstanding shares. Treasury shares are deducted from the issued shares. Diluted earnings per share are calculated from earnings per share plus the effect of potential ordinary shares on earnings for the financial year and the weighted average number of shares.

Discontinued Operations

Discontinued Operations

A discontinued operation is a part of a Group that has been disposed of or classified as held for sale and that meets one of the following conditions:

1. It is a significant separate business unit or a unit representing a geographical area.
2. It is part of a single coordinated plan to dispose of a separate key business area or geographical operating segment.

3. It is a subsidiary acquired solely for the purpose of reselling it.

The result of discontinued operations is presented as a separate item in the consolidated statement of comprehensive income. Assets from discontinued operations and the related items recognised in other comprehensive income, as well as liabilities included in the disposal group, are presented in the statement of financial position separately from other items.

The Group does not currently have any items classified as discontinued operations.

Application of New and Amended IFRS Standards and IFRIC Interpretations

As of 1 January 2025, the Honkarakenne Group has applied the following new standards and amendments to standards:

- Amendments to IFRS 16 Leasing contracts: The amendment clarifies the requirements for determining lease liabilities in sales and leaseback situations. According to the Group's estimate, the change will not have a significant impact on the consolidated financial statements.

IFRS standards, interpretations and amendments coming into force at a later date

In 2026 and thereafter, the Group will adopt the following new and revised standards and interpretations issued by the IASB. The changes are not expected to have a significant impact on the Group's reporting.

Applicable for financial years beginning on or after 1 January 2027:

- Amendments to IFRS 18, if the standard is accepted for use in the EU. Presentation and disclosure of financial statements.



Notes to consolidated financial statement (IFRS)

1. Segments

Honkarakenne Group has two geographical operating segments, which have been combined into one reportable segment in accordance with IFRS 8.12. The Group monitors sales and operations in two different market areas: Finland and Exports. Honkarakenne has combined the sales areas into one reportable segment, as the economic characteristics and products sold are similar in all market areas. The President & CEO acts as the Group's chief operating decision-maker.

Internal management reporting complies with the IFRS accounting principles, due to which separate reconciliations are not presented. The internal management reporting is used for monitoring the development of operations on the basis of business areas that are based on geographical markets. Internal management reporting serves goal setting and budget monitoring and is thus a management tool and not an actual external financial indicator.

Geographically, the Group's sales are divided as follows: Finland and exports.

Finland also includes billet sales and the sale of process by-products for recycling.

Exports include all other countries except Finland.

Revenue is presented according to the location of the customer and assets according to the location of assets.

Geographical breakdown

Distribution of revenue	2025	2024
Finland	75%	71%
Export	25%	29%
Total	100%	100%

Revenue EUR1,000	2025	2024	% change
Finland	28,010	26,197	7%
Export	9,158	10,522	-13%
Total	37,169	36,719	1%

Non-current assets EUR1,000	2025	2024
Finland	11,654	13,046
Export	430	392
Total	12,084	13,438

2. Revenue (net sales) from contracts with customers

Jan-Dec 2025

Date of revenue (net sales) recognition EUR 1,000	Finland	Exports	Total
Specific date	28,000	9,169	37,169
Over time	4	0	4
Total	28,004	9,169	37,173

Jan-Dec 2024

Date of revenue (net sales) recognition EUR 1,000	Finland	Exports	Total
Specific date	26,016	10,522	36,538
Over time	181	0	181
Total	26,197	10,522	36,719

Assets and liabilities based on contract

The payments of most items recognised over time are tied to specific stages of physical levels of completion. Income receivables of an item recognised over time is recognised if the item's invoicing is less than the revenue (net sales) recorded on the basis of the item's progress. Income receivables are recognised as trade receivables as the target is making progress and reaches an agreed physical level of completion that triggers invoicing. Similarly, received prepayments are recognised if the invoicing of an item recognised over time exceeds the revenue (net sales) recorded on the basis of the item's progress.

Received prepayments are recognised as revenue (net sales) as the item's rate of completion increases and latest when the item is completed. The completion time of the items depends on their extent. When prepayments are received and the item is progressing, the ratio of fulfilled payment obligations and received prepayments changes.

Assets based on customer contracts

EUR1,000	2025	2024
Total of items to be recognised over time but not yet transferred	4	181
Trade receivables		
Trade receivables	895	1,602
Receivables from customer contracts where the fulfillment rate exceeds the prepayments received	-	-
Total trade receivables	895	1,602
Total	899	1,783

Liabilities based on customer contracts

EUR1,000	2025	2024
Advance payments received in excess of contract performance		
Advance payments received	3,836	3,615
Advance payments received for items recognised as income over time (gross)	51	56
Total advance payments received in excess of contract performance	3,887	3,671
Total	3,887	3,671

Sales income recognised on the basis of liabilities related to customer contracts

EUR1,000	2025	2024
Recognised sales income based on liabilities included in contracts at the beginning of the period	51	56

Transaction price allocated to remaining payment obligations in customer contracts

EUR1,000	Within one year	Within two years
	100%	0%
Total amount of transaction price allocated to long-term customer-project contracts that have been entirely and partly unfulfilled	59	-

3. Other operating income

EUR1,000	2025	2024
Rental income	47	42
Capital gains on property, plant and equipment	-	28
Grants received	102	123
Other operating income	380	351
Total	528	544

4. Employee benefit expenses

EUR1,000	2025	2024
Wages and salaries	6,733	6,332
Pension contributions, defined contribution plans	1,180	1,128
Other personnel expenses	269	175
Total	8,182	7,635

Average number of employees in the Group in person-years	2025	2024
White-collar employees	107	103
Blue-collar employees	49	51
Total	156	154

Average number of employees in the Group	2025	2024
White-collar employees	108	105
Blue-collar employees	51	52
Total	159	157

5. Research and development expenditure

Research and development expenses totalled TEUR 845 in 2025 (TEUR 533 in 2024).

6. Depreciation and impairment

EUR1,000	2025	2024
INTANGIBLE ASSETS		
Intangible rights	214	242
Total	214	242
PROPERTY, PLANT AND EQUIPMENT		
Buildings and structures	358	371
Buildings and structures, right of use	411	481
Machinery and equipment	1,146	1,109
Machinery and equipment, right of use	31	18
Other tangible assets	36	35
Total	1,981	2,013
Total depreciation and impairment	2,195	2,255

7. Other operating expenses

EUR1,000	2025	2024
Voluntary personnel expenses	330	330
Lease payments	272	249
Credit losses *)	-70	-40
Sales and marketing expenses	1,319	1,597
Expert services	667	771
Premises costs	344	329
IT expenses	1,137	961
Insurance	104	112
Other operating expenses	1,137	1,239
Total	5,240	4,752

Auditor's fees EUR1,000	2025	2024
Tax advice	71	71
Other services	18	23
Total	89	94

8. Financial income and expenses

Financial Income EUR1,000	2025	2024
Other interest and financial income	23	76
Exchange rate gains	44	40
Total	68	116

Financial expenses EUR1,000	2025	2024
Interest expenses on financial loans recognised at amortised cost	-93	-85
Change in value of financial instruments at fair value through profit or loss	-	-2
Other financial expenses	-24	-5
Exchange rate losses	-205	-156
FINANCIAL EXPENSES, RIGHT-OF-USE ASSETS		
Interest expenses	-63	-78
Total	-385	-325
Total financial income and expenses	-317	-209

All interest expenses are recognised as expenses in the statement of comprehensive income.

9. Income taxes

EUR1,000	2025	2024
Tax based on taxable income for the financial year	-1	-1
Taxes in previous financial years	1	1
Deferred taxes:	-	-
Origination and reversal of temporary differences	259	490
Total	259	489

Reconciliation of effective tax rate

EUR1,000	2025	2024
Profit before taxes	-4,376	-2,649
Deferred tax at the parent company's tax rate	875	530
Effect of different tax rates in foreign subsidiaries	-23	-35
Tax-free income	-	40
Non-deductible expenses	-13	-1
Unrecorded deferred tax assets from tax losses	-584	-
Share of results in associated companies, tax effect	-14	-13
Taxes for previous financial years	-1	-1
Other items	19	16
Taxes in the statement of comprehensive income	259	490
Effective tax rate %	5.9	18.5

In 2025, a deferred tax asset of EUR 584 thousand has not been recognized from the parent company's loss for the financial year.

10. Earnings per share

Undiluted earnings per share is calculated by dividing the profit for the financial year attributable to the parent company's shareholders with the weighted average of outstanding shares.

EUR1,000	2025	2024
Net profit/loss for the financial year	-4,117	-2,160
Minority interest	-	-
Profit/loss for the financial year attributable to the parent company's owners	-4,117	-2,160
Average number of shares (1,000 pcs)	5,890	5,890
Diluted average number of shares (1,000 pcs)	5,890	5,890
Undiluted earnings per share (EPS), EUR	-0.70	-0.37
Diluted earnings per share (EPS), EUR	-0.70	-0.37

The company has two series of shares, Series A and Series B, which have different rights to dividends. From the distributable profit, EUR 0.20 will first be paid for Series B shares. Then EUR 0.20 will also be paid for Series A shares, after which the remaining profit will be distributed equally among all shares.



Unique villa, Kemiö, Finland

11. Tangible assets

Tangible assets 2025

EUR 1,000	Land and water	Buildings and structures	Buildings and structures, right of use	Machinery and equipment	Machinery and equipment, right of use	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost 1 Jan	908	16,772	4,762	30,243	182	2,966	1,016	56,848
Translation differences (+/-)	-0	-15	-	18	-	1	-	4
Increase	-	13	-	176	39	3	627	857
Reclassifications	-	-	-	1,693	-	-	-	1,693
Decrease	-	-	-214	-	-	-	-1,640	-1,854
Acquisition cost 31 Dec	907	16,770	4,548	32,130	221	2,969	3	57,549
Accumulated depreciation 1 Jan	-	-14,247	-2,276	-25,747	-142	-2,744	-	-45,155
Translation differences (+/-)	-	2	-	-27	-	-4	-	-29
Accumulated depreciation on deductions and transfers	-	-	-	1	-	-	-	1
Depreciation for the financial year	-	-358	-411	-1,144	-31	-33	-	-1,977
Accumulated depreciation 31 Dec	-	-14,603	-2,687	-26,917	-172	-2,781	-	-47,158
Carrying amount 31 Dec	907	2,167	1,861	5,212	49	189	3	10,388

Tangible assets 2024

EUR1,000	Land and water	Buildings and structures	Buildings and structures, right of use	Machinery and equipment	Machinery and equipment, right of use	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost 1 Jan	908	16,778	4,279	29,262	132	2,928	1,071	55,358
Translation differences (+/-)	-0	-6	-	-17	-	38	-	15
Increase	-	-	1,105	110	50	-	895	2,160
Reclassifications	-	-	-	950	-	-	-950	-
Decrease	-	-	623	-61	-	-	104	-684
Acquisition cost 31 Dec	908	-16,772	4,762	30,243	182	2,966	1,016	56,848
Accumulated depreciation 1 Jan	-	-13,876	1,795	-24,679	-124	2,675	-	-43,150
Translation differences (+/-)	-	-	-	1	-	-38	-	-37
Accumulated depreciation on deductions and transfers	-	-	-	40	-	-	-	40
Depreciation for the financial year	-	-371	-481	-1,109	-18	-30	-	2,009
Accumulated depreciation 31 Dec	-	-14,247	-2,276	-25,747	-142	2,744	-	-45,155
Carrying amount 31 Dec	908	2,525	2,486	-4,495	40	222	1,016	11,682

Received development grant of EUR 195 thousand has been netted against the additions to machinery and equipment.

Leases in the statement of comprehensive income

EUR1,000	2025	2024
Depreciation of leased assets	-442	-498
Interest expense on leases	-62	-78
Expenses related to short-term and low-value leases	-254	-250
Total in the statement of comprehensive income	-758	-826

12. Goodwill and intangible assets

Goodwill and intangible assets 2025

EUR1,000	Goodwill	Immaterial rights	Other intangible assets	Total
Acquisition cost 1 Jan	72	6,193	2,595	8,860
Translation differences (+/-)	-	9	2	11
Increase	-	70	49	119
Decrease	-	-	-	-
Transfers between items	-	543	-	-
Acquisition cost 31 Dec	72	6,815	2,103	8,990
Accumulated depreciation 1 Jan	-	-6030	-2,095	-8,125
Translation differences (+/-)	-	-	-2	-2
Accumulated depreciation on deductions	-	-	-	-
Depreciation for the financial year	-	-215	-1	-216
Accumulated depreciation 31 Dec	-	-6,245	-2,098	-8,343
Carrying amount 31 Dec	72	570	5	647

Goodwill and intangible assets 2024

EUR1,000	Goodwill	Immaterial rights	Other intangible assets	Total
Acquisition cost 1 Jan	72	6,174	2,240	8,485
Translation differences (+/-)	-	-	-3	-3
Increase	-	19	359	377
Decrease	-	-	-	-
Transfers between items	-	-	-	-
Acquisition cost 31 Dec	72	6,193	2,595	8,860
Accumulated depreciation 1 Jan	-	-5,792	-2,094	-7,887
Translation differences (+/-)	-	-	3	3
Accumulated depreciation on deductions	-	-	-	-
Depreciation for the financial year	-	-238	-4	-242
Accumulated depreciation 31 Dec	-	-6,030	-2,095	-8,125
Carrying amount 31 Dec	72	162	500	734

In accordance with IAS 36, consolidated goodwill is not amortised. Instead, it is tested annually for impairment. Goodwill is allocated to the 10% share in Honka Blockhaus GmbH acquired by Honkarakenne Oyj in 2003. No impairment losses have been recognised on goodwill in 2006–2022.

Goodwill impairment testing:

EUR1,000	2025	2024
Honka Blockhaus	72	72

The calculated cash flow forecasts are based on strategies prepared and approved by management that cover a period of five years. The discount rate used in the testing is 6.8% (6.6% in 2024), and its sensitivity in relation to the calculations has been tested with different ranges. The calculation of discounted cash flows requires forecasts and assumptions concerning factors such as market growth, prices and volume development.

Projection parameters used	Honka Blockhaus	Honka Blockhaus
	GmbH	GmbH
	2025	2024
Discount rate (pre-tax WACC)	6.8%	6.8%
Terminal growth	2%	2%
Fixed operating expenses, average annual growth	2%	2%

13. Associated companies

Investments in associated companies

EUR1,000	2025	2024
At the beginning of the financial year	426	490
Share of result for the financial year	-72	-65
Decrease	-	-
At the end of the financial year	354	426

Associated companies

EUR1,000	2025	2024
Puulaakson Energia Oy, Karstula, Finland		
Holding, %	25.9	25.9
Assets	2,048	2,203
Liabilities	833	705
Revenue (net sales)	1,492	1,418
Profit/loss	-279	-249

14. Other financial assets

No other financial assets

Pakila, Helsinki, Finland



15. Non-current receivables

Non-current receivables 2025

EUR1,000	Non-current loan receivables	Total
Acquisition cost 1 Jan	184	184
Translation differences (+/-)	13	12
Increase	150	150
Decrease	3	3
Acquisition cost 31 Dec	344	344
Accumulated impairment 1 Jan	-81	-81
Cumulative impairment losses	-	-
Impairment during the financial year	-	-
Accumulated impairment 31 Dec	-81	-81
Carrying amount 31 Dec	263	263

Non-current receivables 2024

EUR1,000	Non-current loan receivables	Total
Acquisition cost 1 Jan	266	266
Translation differences (+/-)	-61	-61
Increase	60	60
Decrease	-	-
Acquisition cost 31 Dec	265	265
Accumulated impairment 1 Jan	-81	-81
Cumulative impairment losses	-	-
Impairment during the financial year	-	-
Accumulated impairment 31 Dec	-81	-81
Carrying amount 31 Dec	184	184

The carrying amount corresponds to the management's view of the fair value, and it is the maximum amount of credit risk excluding the fair value of guarantees.

Classification of financial assets and liabilities by measurement category is presented in Note 25.

16. Deferred tax assets and liabilities

Breakdown of deferred tax assets 2025

EUR1,000	1.1.2025	Recognised in profit or loss	Exchange rate differences	31.12.2025
Tax losses carried forward	790	-	-	790
Leasing contracts	518	-130		388
Netting of deferred taxes	-518	130		-388
Temporary differences	703	246	9	958
Total	1,493	246	9	1,748

Breakdown of deferred tax assets 2024

EUR1,000	1.1.2025	Recognised in profit or loss	Exchange rate differences	31.12.2025
Tax losses carried forward	84	706	-	790
Leasing contracts	510	8		518
Netting of deferred taxes	-510	-8		-818
Temporary differences	982	-275	-4	703
Total	1,067	431	-4	1,493

Temporary differences mainly consist of the parent company's unused depreciation and the tax receivables from the elimination of the internal margin on inventories. In connection with the preparation of the financial statements, the management has carefully viewed the valuation of tax receivables recognised for losses. The recognised tax assets are based on the management's view of future development. In 2025, the Group did not recognise the deferred tax asset of EUR 584 thousand arising from the parent company's taxable loss of EUR -3.0 million.

If result does not develop as expected, it is possible that the tax assets will not be utilised in time and will have to be written down.

The risks are described in more detail in Notes 26 and 29.



Tax receivables recognised for losses carried forward and losses that need to be carried forward expire EUR1,000	2025	2024
In 2033	721	-
No expiry date	54	69
Total	775	69

Deferred tax assets are allocated to EUR1,000	2025	2024
Parent	1,678	1,384
German subsidiary	54	69
Japanese subsidiary	15	40
Total	1,748	1,493

Key items for which no deferred tax assets have been recognised

EUR1,000	2025	2024
Land write-downs (parent company)	637	637
Total	637	637

Breakdown of deferred tax liabilities 2025

EUR1,000	1.1.2025	Recognised in profit or loss	31.12.2025
Right-of-use assets	518	-130	388
Netting of deferred taxes	-518	130	-388
Temporary differences	4	-4	-
Total	4	-4	-

Breakdown of deferred tax liabilities 2024

EUR1,000	1.1.2024	Recognised in profit or loss	31.12.2024
Right-of-use assets	510	8	518
Netting of deferred taxes	-510	-8	-518
Temporary differences	45	-41	4
Total	45	-41	4

No deferred tax liabilities have been recognised on the undistributed profits of subsidiaries, because the investment is permanent.

No deferred tax liability has been recorded for the increase in value made in the parent company.

17. Inventories

EUR1,000	2025	2024
Work in progress	2,516	2,739
Finished products	1,137	739
Other inventories	685	1,072
Total	4,338	4,550

Expenses of EUR 155 thousand (EUR 139 thousand in 2024) were recognised during the reporting period, reducing the carrying amount of inventories to their net realisable value.

Other inventories mainly consist of plots.

18. Trade and other current receivables

EUR1,000	2025	2024
LOAN AND OTHER RECEIVABLES		
Trade receivables	895	1,350
Receivables from associated companies	16	5
Loan receivables	2	48
Other receivables	36	272
ACCRUED INCOME		
Accrued income	679	840
Tax receivables based on the taxable profit for the financial year	-	-
Total	1,627	2,515

The impairment model for financial assets is based on expected credit losses, which take account of the customer's credit risk. The simplified procedure for expected credit losses is applied to trade receivables, and trade receivables are classified according to their maturity date and the estimated impairment is assessed by category.

In addition, at each date of the statement of financial position, the Group assesses whether there is objective evidence of a trade receivable or group of financial assets becoming impaired. If there is substantiated evidence of impairment, the recoverable amount of the financial asset,

which is the fair value of the item, is estimated and an impairment loss is recognised to the extent that the carrying amount exceeds the recoverable amount. Impairment losses are recognised as an expense in the income statement. Significant financial difficulties of the debtor, probability of bankruptcy and default or delay in payment for more than 90 days may be considered evidence of a financial asset's possible impairment.

For determining the expected credit losses, trade receivables have been categorised on the basis of their maturity.

EUR1,000	Expected credit losses, on average
Not due	0 %
Overdue by less than 30 days	0 %
Overdue by 31–60 days	0 %
Overdue by 61–90 days	0 %
Overdue by 91–120 days	10 %
Overdue by 121–180 days	20 %
Overdue by 181–365 days	50 %
Overdue by over 366 days	50 %
Gross carrying amount on 31 Dec 2025	948
Expected credit loss	-53
Carrying amount, net, on 31 Dec 2025	895

The carrying amount corresponds to the management's view of the fair value and maximum amount of credit risk.

Age distribution of trade receivables

EUR1,000	2025	Impairment recognised	Net 2025	2024	Impairment recognised	Net 2024
Not due	585	-	585	777	-	777
Overdue by less than 30 days	215	-	215	284	-	284
Overdue by 31–60 days	33	-	33	28	-	28
Overdue by 61–90 days	-24	-	-24	178	-	178
Overdue by 91–120 days	6	-1	5	11	-1	10
Overdue by 121–180 days	7	-1	6	35	-7	28
Overdue by 181–365 days	51	-4	47	61	-31	31
Overdue by over 366 days	75	-47	28	156	-78	78
Total	948	-53	895	1,531	-117	1,414

Impairment losses on trade receivables have been recognised in Finland and Germany.

Classification of financial assets and liabilities by measurement category is presented in Note 25.

19. Cash

EUR1,000	2025	2024
Cash and bank account	2,468	4,970
Total	2,468	4,970

Classification of financial assets and liabilities by measurement category is presented in Note 25.

The risks are described in more detail in Notes 26 and 29.

20. Equity

1,000 pcs	Number of Class A shares	Number of Class B shares	Total number of shares
31.12.2023	300	5,911	6,211
31.12.2024	300	5,911	6,211
31.12.2025	300	5,911	6,211

Honkarakenne Oyj's shares are divided into Class A and Class B shares, with Class A shares numbering at less than 300,000 and no more than 1,200,000, and Class B shares no less than 2,700,000 and no more than 10,800,000.

Each Class A share carries 20 votes and Class B share one vote in a General Meeting.

From the distributable profit, EUR 0.20 will first be paid for Class B shares. Then EUR 0.20 will also be paid for Class A shares, after which the remaining profit will be distributed equally among all shares.

The shares have no nominal value. All shares that have been issued have been paid in full.

On 31 December 2025, the parent company held 351,052 Class B shares (351,052 on 31 December 2024).

On 31 December 2025, the Group held 321,052 Class B shares (321,052 on 31 December 2024).

After the balance sheet date, the Board proposed to the General Meeting that a dividend of EUR 0.25 per share will be distributed for the financial year 2022. No dividend is distributed to the shares held by the parent company, and the rest of the profits are left in equity.

Share premium account

Payments received for share subscriptions during the validity of the old Limited Liability Companies Act (Act no. 734 of 29 September 1978) and during 2003 or later have been recognised in the share capital and share premium account in accordance with the terms and conditions of the arrangement, less transaction expenses.

Invested unrestricted equity fund

The invested unrestricted equity fund includes other equity-type investments and the share subscription price to the extent that it is not included in the share capital according to an explicit decision.

Translation differences

The translation difference fund includes translation differences arising from the translation of the financial statements of foreign units.

Management's share-based incentive plan

On March 28, 2024, Honkarakenne Oyj's Board of Directors approved the launch of the new Equity Incentive Plan 2024-2026 for the Group's key personnel. The purpose of the plan is to align key employees with the company's objectives and to incentivize the creation of shareholder value.

The equity incentive plan consists of earning periods, the length of which, the target parameters that may be set, the amount of the award and the validity of the conditions are determined by the Board of Directors for each plan separately. The first earning period of the program is three years long, 2024-2026, and the measures are net sales and operating profit margin. The Board of Directors determines the earning criteria of the plan and the targets set for each earning criterion at the beginning of the earning period. In 2025, the Board of Directors did not decide on the launch of a new performance period.

The potential rewards under the plan are paid at the end of the performance period. The rewards paid under the plan are estimated to be equivalent to a maximum of 75,000 class B shares in Honkarakenne Oyj, including the portion paid in cash.

The shares subject to the bonus are generally paid with Honkarakenne Oyj's own class B shares. The final value of the reward to be paid in shares is determined according to the average price of the shares recorded in the participant's equity account on the day of registration.

The aim is for the cash component to cover taxes and tax-like charges at the time of payment. As a rule, rewards are not paid if the participant's employment relationship or management contract ends during the restriction period. In order to participate in an incentive plan and be entitled to the potential reward based on the earning period, the participant must make an initial investment in class B shares of Honkarakenne Oyj. The initial investment must be made only once and must be in the participant's possession at the time of payment of the potential rewards for the earning period. There were no expenses related to the Equity Incentive Plan during the financial year.

Share-based payments

Under the Group's equity intensive plan, where the earning period is the calendar years 2024-2026, potential payments are made in a combination of shares and cash. The expense recognized in connection with the equity intensive plan is based on management's estimate of the number of shares that will vest at the end of the

vesting period. The estimated number of shares earned is updated until the end of the vesting period based on the fulfillment of the performance criteria and the number of performance rewards earned. The Group updates the assumption of the final number of shares at each reporting date.

At the time of closing the accounts in 2025, the program did not create an expense item in the Group's results

Scheme	Equity Incentive Plan 2024-2026
Type	Share
Instrument	Earning period 2024-2026
Maximum amount, pcs	75
Dividend adjustment	No
Grant date	March 28, 2024
Beginning of earning period	January 1,2024
End of earning period	December 31,2026
End of restriction period	May 31,2027
Vesting conditions	Net sales, operating profit margin, share ownership and employment relationship until the shares are released
Maximum contractual life, yrs	3.4
Remaining contractual life, yrs	1.4
Number of persons at the end of reporting year	5
Payment method	Cash and shares

In accordance with IFRS 2, the share-based incentive scheme is valued at the time of the financial statements and is recorded as an expense over the vesting period



21. Financial liabilities

EUR1,000	2025	2024
NON-CURRENT		
MFI loans	1,100	1,500
Lease liabilities	1,623	2,172
Total	2,723	3,672
CURRENT		
MFI loans	400	400
Lease liabilities	341	420
Total	741	820

Non-current MFI loans does not include overdrafts.

Reconciliation of financial liabilities EUR1,000	Current liabilities	Non-current liabilities	Financial lease liabilities	Total
31.12.2023	400	400	2,553	3,353
Withdrawals / additions to loans	-	1,700	1,155	2,855
Loan repayments	-400	-600	-493	-1,493
Other non-fee changes	400	-	-632	-223
31.12.2024	400	1,500	2,592	4,492
Withdrawals / additions to loans	-	-	39	39
Loan repayments	-400	-100	-426	-926
Other non-fee changes	400	-100	-241	-141
31.12.2025	400	1,100	1,964	3,464

The carrying amount corresponds to the management's view of the fair value.

The following table presents the contractual maturity analysis. The figures are undiscounted and include both interest payments and principal repayments.

Maturity breakdown of financial liabilities on 31 December 2025

EUR1,000	Balance sheet value	Cash flow*)	2026	2027	2028	2029	2030	2031+
MFI loans	1,500	1,608	355	539	714		-	-
Lease liabilities	1,964	1,774	285	261	205	205	205	613
Trade and other liabilities	4,697	4,697	4,697	-	-	-	-	-
Total	8,161	8,079	5,337	800	919	205	205	613

*) Contractual cash flows from contracts that are settled on a gross basis.

Maturity breakdown of financial liabilities on 31 December 2024

EUR1,000	Balance sheet value	Cash flow*)	2025	2026	2027	2028	2029	2030+
MFI loans	1,900	2,087	473	358	541	715	-	-
Lease liabilities	2,592	2,816	478	398	312	294	231	1,103
Trade and other liabilities	4,486	4,486	4,486	-	-	-	-	-
Total	8,978	9,389	5,437	756	853	1,009	231	1,103

*) Contractual cash flows from contracts that are settled on a gross basis.

The Group had no valid derivative contracts on 31 December 2025 or 31 December 2024.

The sensitivity analysis contains the financial liabilities included in the statement of financial position on 31 December 2025. One percentage point has been assumed as the change in interest rates. The interest rate position is assumed to be interest-bearing financial liabilities and receivables as well as interest rate swaps at the balance sheet date, with all agreements remaining valid unchanged throughout the year.

Sensitivity analysis

MEUR	2025	2024
	Income statement	Income statement
Interest rate change +/- 1%	+/- 35	+/- 45

Interest expense ranges for interest-bearing liabilities on 31 December 2025

Interest rate on financial loans 4.07% (2024: 4.07-5.33%).

The Group's financial loans have floating rates. The average interest rate for financial loans is 4.203% (2024: 4.203%).

Lease liabilities have been discounted using an interest rate of 2.46-4.36% (2024: 2.085-4.36%).

22. Provisions

EUR1,000	Warranty provision	Provisions due to disputes	Restructuring provision	Other provisions	Total
31.12.2023	278	10	-	-	288
Additions to provisions	-	-	-	-	-
Deductions for provisions	-26	-10	-	-	-36
31.12.2024	252	-	-	-	252
Additions to provisions	-	-	34	-	34
Deductions for provisions	-8	-	-	-	-8
31.12.2025	244	-	34	-	277

Warranty provision

The Group provides a warranty for its products. Any defects discovered in the products during the warranty period will be repaired at the Group's expense, or the customer is given a new, corresponding product. The warranty provision is based on earlier years' experience of defective products.

23. Accounts payable and other liabilities

EUR1,000	2025	2024
CURRENT LIABILITIES		
Accounts payable	1,683	1,598
Other liabilities	464	364
Advances received from customers	3,836	3,671
Other accruals	2,550	2,522
Total	8,533	8,155

The carrying amount of liabilities corresponds to their fair value. The payment terms of the trade liabilities are in line with standard payment terms for companies.

The main items in accruals consist of accrued employee-related expenses and interest expenses.

The Group did not have any valid currency derivatives or interest rate swaps on 31 December 2025 or 31 December 2024.

EUR1,000	2025	2024
Tax liabilities based on taxable income for the financial year	-	-

24. Assets and liabilities in foreign currencies

The Group's functional currency is the euro. Major foreign currency assets and liabilities are in Japanese yen.

The Group's yen-denominated receivables and liabilities translated into euro

EUR1,000	2025	2024
NON-CURRENT ASSETS		
Loans and other receivables	113	325
CURRENT ASSETS		
Other financial assets	1,780	4,014
Trade and other receivables	67	168
CURRENT LIABILITIES		
Non-interest-bearing liabilities	1,134	1,546
Net foreign currency receivables and liabilities	826	2,961
Net currency risk	826	2,961

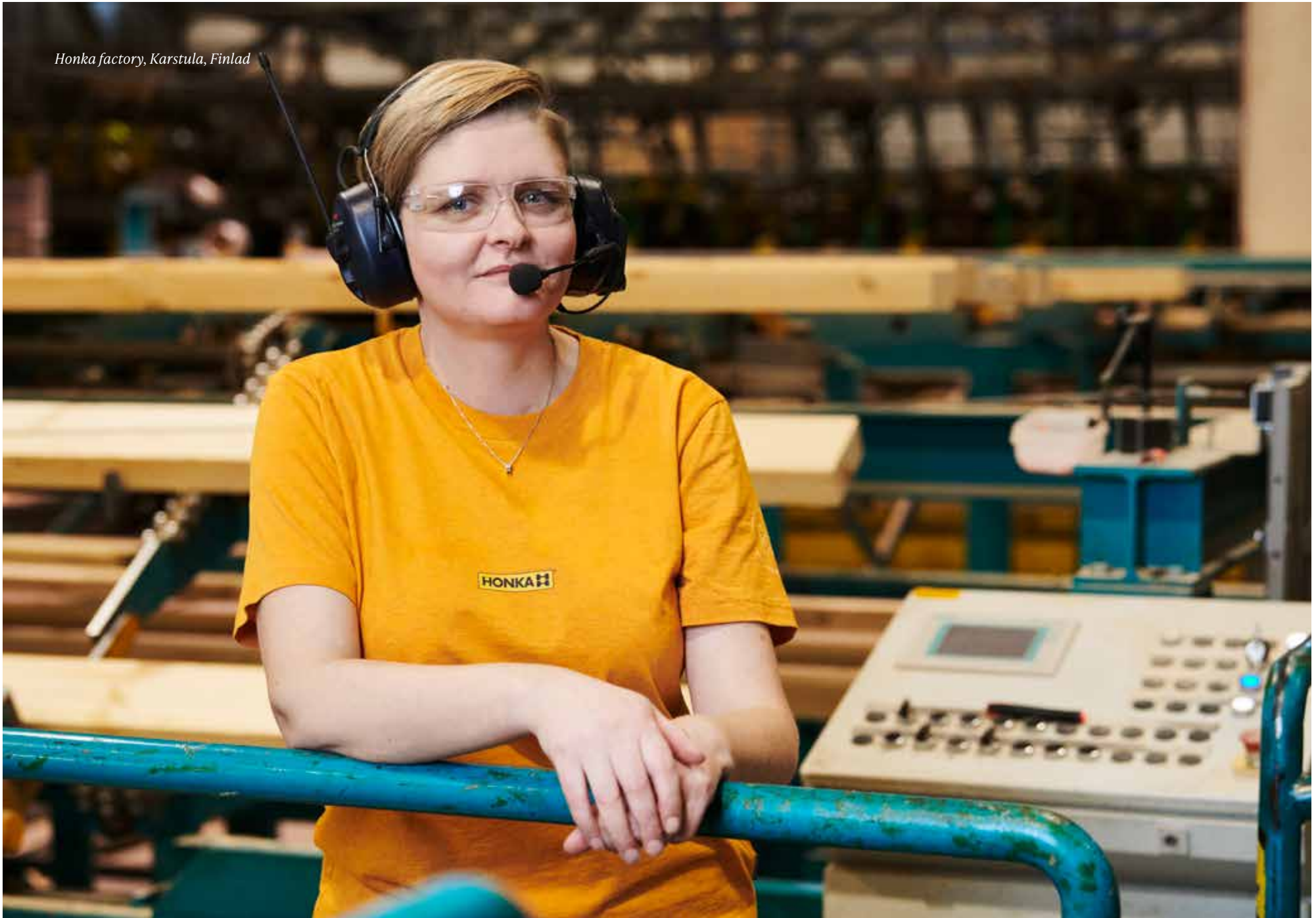
The table below shows the strengthening or weakening of the euro against the Japanese yen when all other factors remain unchanged. The percentage change is assumed to be +/- 10%. The sensitivity analysis is based on yen-denominated assets and liabilities at the end of the reporting period, factoring in forward exchange contracts but not other forecast items. Net investments in foreign subsidiaries have not been included in the sensitivity analysis. The change would have been mainly due to exchange rate variations in yen-denominated receivables and liabilities.

EUR1,000	2025		2024	
Change percentage	+ 10 %	- 10 %	+ 10 %	- 10 %
Impact on the result after taxes	60	-73	215	-263

The calculation and estimation of likely changes are based on assumptions about regular market and business conditions.

The financial risks have been defined, explained in Note 26 about the management of financial risks.

Honka factory, Karstula, Finland



Chapel, Vihti, Finland



25. The classification of financial assets and liabilities by measurement category

31.12.2025

MEASUREMENT CATEGORY (IFRS 9) EUR 1,000	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Balance sheet value	Fair value	Note
NON-CURRENT FINANCIAL ASSETS					
Non-current receivables	344	-	344	344	15
CURRENT FINANCIAL ASSETS					
Trade and other receivables	1,628	-	1,628	1,628	18
Other financial assets	-	-	-	-	14
Cash and cash equivalents	2,468	-	2,468	2,468	19
Total financial assets by measurement category	4,440	-	4,440	4,440	
NON-CURRENT FINANCIAL LIABILITIES					
Interest-bearing liabilities	-	2,723	2,723	2,723	21
CURRENT FINANCIAL LIABILITIES					
Interest-bearing liabilities	-	741	741	741	21
Accounts payable and other liabilities	-	4,697	4,697	4,697	23
Total financial liabilities by measurement category	-	8,162	8,162	8,162	

31.12.2024

MEASUREMENT CATEGORY (IFRS 9) EUR 1,000	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Balance sheet value	Fair value	Note
NON-CURRENT FINANCIAL ASSETS					
Non-current receivables	184	-	184	184	15
CURRENT FINANCIAL ASSETS					
Trade and other receivables	2,574	-	2,574	2,574	18
Other financial assets	-	-	-	-	14
Cash and cash equivalents	4,969	-	4,969	4,969	19
Total financial assets by measurement category	7,727	-	7,727	7,727	
NON-CURRENT FINANCIAL LIABILITIES					
Interest-bearing liabilities	-	3,672	3,672	3,675	21
CURRENT FINANCIAL LIABILITIES					
Interest-bearing liabilities	-	812	812	812	21
Accounts payable and other liabilities	-	4,486	4,486	4,486	23
Total financial liabilities by measurement category	-	8,979	8,979	8,979	

26. Financial Risks and Their Management

In its business operations, the Group is exposed to various financial risks. The aim of risk management is to minimise the adverse effects of financial market changes on the Group's result. The main financial risks include currency risk, interest rate risk, credit risk, liquidity risk and covenant risk. The Group's financing is centralised in the parent company. The parent company's finance department is responsible for managing the financial risks in accordance with the operating principles approved by the Board.

Currency Risks

Exchange rate fluctuations may adversely affect the Group's business performance. Honkarakenne operates internationally and is thus exposed to transaction risks arising from different currency positions and risks that arise when investments made in subsidiaries in different currencies are translated into the parent company's functional currency.

The Group hedges against currency risks by mainly using the euro as the transaction currency in both sales and purchases. The Group's most significant foreign currency is the Japanese yen. In 2025, yen-denominated revenue accounted for 7% of the Group's revenue. The parent company can hedge 0–60% of its estimated yen-denominated revenue for the financial year.

There were no open forward exchange contracts in the financial statements on 31 December 2025. Honkarakenne does not apply hedge accounting to the forward exchange contracts it uses and has not made a decision to start hedge accounting.

Although Honkarakenne uses financial instruments to manage its currency risks, future exchange rates may adversely affect the

Group's business, financial position, business performance and future outlook.

The Group's yen-denominated receivables and liabilities and the sensitivity analysis are presented in Note 24 to the financial statements on 31 December 2025.

Interest Rate Risk

Interest rate fluctuations may adversely affect Honkarakenne's business performance.

Honkarakenne Group's income and operating cash flows are largely independent of market rate fluctuations. The Group is exposed to fair value interest rate risk, which is mainly related to the loan portfolio. The Group can take out loans with either fixed or variable interest rates and use interest rate swaps to hedge against the effects of interest rate changes. The interest rate risk to the Group's loans is also affected by the interest margin charged by financial institutions, calculated in addition to the reference rate.

A significant rise in interest rates could have a negative impact on private consumption. In addition, an increase in interest rates may have a significantly adverse effect on the price of financing and the Group's current financial expenses. Honkarakenne closely monitors interest rate developments and actively seeks to manage its interest rate risk. Although the Group is taking active measures to manage such potential developments, failure to manage these risks could have a significantly adverse effect on Honkarakenne's business, financial position, business performance, future outlook and share prices.

The group's bank loan has a variable interest rate. For the EUR 1.7 million financing loan raised in 2024, a fixed interest rate of 2.57%

has been agreed for the loan period using an interest rate pipe connected to the reference interest rate of the debt agreed for the loan period. The loan interest margin is 1.5 percentage points, so the total interest is a fixed 4.07%.

In 2025, the group did not have any valid derivative contracts.

Interest rates and the effect of their fluctuations are described in Note 21.

Credit Risk

The age distribution of trade receivables is presented in Note 18 to the financial statements on 31 December 2025.

Credit loss risk is managed through prepayments, bank guarantees and export letters of credit. Sales regions are responsible for the credit risk related to trade receivables. In the event of a possible payment default, the Group will make an effort to negotiate a payment programme or use a collection agency to obtain the payment. The maximum amount of credit risk to the Group's trade receivables corresponds to the carrying amount of trade receivables on 31 December 2025. Although the Group is taking active measures to manage the credit risk, failure to manage these risks could have an adverse effect on Honkarakenne's business and financial position.

The impairment model for financial assets in accordance with IFRS 9 Financial Instruments is based on expected credit losses, which take into account the customer's credit risk. The simplified procedure for expected credit losses is applied to trade receivables, and trade receivables are classified according to their maturity date and the estimated impairment is assessed by category.

In addition, at each end of reporting period, the Group assesses whether there is objective evidence of a trade receivable or group

of financial assets becoming impaired. If there is substantiated evidence of impairment, the recoverable amount of the financial asset, which is the fair value of the item, is estimated and an impairment loss is recognised to the extent that the carrying amount exceeds the recoverable amount. Impairment losses are recognised as an expense in the statement of comprehensive income. Significant financial difficulties of the debtor, probability of bankruptcy and default or delay in payment for more than 90 days may be considered evidence of a financial asset's possible impairment.

Derivative contracts are only concluded with banks with good credit rating. The maximum amount of credit risk to the Group's financial assets other than trade receivables corresponds to the carrying amount of these other financial assets in the statement of financial position.

At the end of reporting period on 31 December 2025, the Group did not have any valid derivative contracts, nor a year earlier.

Liquidity Risk

In order for Honkarakenne to be able to implement its strategy, the Group needs a positive cash flow. The increase in cash flow must be based on growth in the sales of existing products and Honkarakenne's success in launching new, productive products and distribution channels. If Honkarakenne is unable to generate sufficient cash flows to support these operations or to obtain sufficient funding on acceptable terms of contract, this can have a significantly adverse effect on Honkarakenne's business, financial position, business performance and future outlook.

For short-term working capital needs, Honkarakenne has a bank account limit of EUR 3.0 million. At the end of reporting period on 31 December 2025, the limit was not in use, nor was it a year ago. The Bank have the right to terminate bank account limits with a short notice period if Honkarakenne's solvency deteriorates substantially or if there is some other business-related reason for it.

The Group strives to continuously assess and monitor the amount of financing required for business operations so that the Group has sufficient liquid funds to finance operations and repay maturing loans. The aim is to guarantee the availability and flexibility of financing not only by means of liquid assets but also overdraft limits and using several financial institutions to obtain financing.

The maturity table for financial liabilities is presented in Note 21. The figures are undiscounted and include both interest payments and principal repayments.

Price Risk of Shares Owned by the Group

The Group has no significant investments in listed shares, so the market price fluctuations of these shares do not pose a material price risk.

27. Contingent liabilities

Mortgages and guarantees on own behalf EUR1,000	2025	2024
Real estate mortgages	5,500	6,000
Business mortgages	2,186	2,186
Guarantees on own behalf	2,962	3,055
Total	10,648	11,241

The real estate mortgages have been given as security for the bank account limit, and the business mortgage as security for the bank loan.

Then bank loan matures at 2028.

Guarantees on own behalf are for advance payments and construction contracting.

Liabilities secured by mortgages or other security

EUR1,000	2025	2024
MFI loans	1,500	1,900
Total	1,500	1,900

Other leases

EUR1,000	2025	2024
Off-balance-sheet lease liabilities maturing within less than 12 months	87	89
Off-balance-sheet lease liabilities maturing within 1–5 years	87	75
Total	174	164

Other operating leases concern copiers, printers and vehicles.

Financial instruments

The Group did not have any valid currency derivatives 31 December 2025 or 31 December 2024 but at 31 December 2025 and at 31 December 2024 one loan has had a valid interest rate swap agreement.

28. Adjustments to cash flows from operating activities

Transactions not involving a payment transaction EUR 1,000	2025	2024
Depreciation	2,195	2,255
Change in provisions	27	-26
Share of profit of associated companies	-71	-65
Total	2,151	2,165

29. Key Strategic and Operational Risks and Their Management

The Group's risks can be divided into strategic, operational, damage and financial risks. Risk assessment has factored in the probability of occurrence and impact.

Strategic Risks

Strategic risks are related to the nature of the business and concern, for example, changes in the Group's operating environment and market situation; raw material availability; changes in legislation; the business in general; the reputation of the company, brands, and raw material; and large investments.

Risk Related to the Operating Environment and Changes in the Market Situation

Global cyclical fluctuations affect consumer behaviour and purchasing power in all market areas where the Group operates. Any reduction of demand from the current level may also affect the Group's sales and profitability. The situation will be responded by better management of goods flows, adjusting the number of personnel in various positions, taking more intensive marketing measures, closing down unprofitable outlets, changing pricing and generally improving efficiency. Although the Group is taking active measures to manage costs, failure to manage these risks could have a significantly adverse effect on Group's business, financial position, business performance, future outlook and share prices.

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 market situation. If the war is further prolonged or escalates, the start of Ukraine's reconstruction may still be delayed. The escalation of other conflict areas or the emergence of new geopolitical crises

may also affect the company's business, its financial position, and its business results.

The economic uncertainty in the Group's operating environment is negatively reflected in business and consumer confidence. The short-term economic risks are increased by consumers' confidence in their own finances, concerns about employment, inflation, interest rate developments, and the availability of loan financing. In addition, fluctuations in the prices of raw materials and construction costs create financial uncertainty.

An economic downturn may also affect the value of plots, shares and properties held by the parent company. The parent company requests an external party to estimate the value of its properties every 3 to 7 years.

Risk Related to Raw Material Acquisition

In terms of raw material acquisition, the goal with critical raw materials and subcontracted products is to use multiple suppliers to ensure uninterrupted operations and minimise the additional costs of raw materials and product components caused by disruptions. Honkarakenne also increases the availability of wood by using the raw material as fully as possible and taking account of its specific requirements in product development. Honkarakenne strives to manage competitive risks related to raw materials by means of continuous product development, a strong overall concept, with an efficient but responsible purchasing operation, and brand.

Risk of Regulatory Changes

The majority of wood houses manufactured by Honkarakenne are sold to Finland, Asia and Europe also partly to the North American region. Should any new regulations, unexpected taxes, customs duties, fees concerning income from the local market and export

restrictions, or other restrictions be imposed by states within these markets, the effects could be negative on the Group's business or financial position.

Construction regulations and standards, particularly concerning energy consumption and fire safety, may affect business profitability. Regulatory risks are prepared against in the long term by ensuring that Honkarakenne's products conform with local regulations in cooperation with partner network. Honkarakenne will acquire the necessary approvals for its products which are used for handling building permit matters in the target countries. In particular, the development is keeping a close eye on the changes in energy regulations and responding to those.

Risk Related to Governance Model and Reporting Principles

Strategic risks are considered to include the sustainability of the Group's governance model and reporting principles. Honkarakenne Group adheres to the Corporate Governance recommendation for companies listed on Nasdaq Helsinki. The Group believes that governance in line with the Corporate Governance recommendation, with clearly defined personal responsibilities, rights, obligations and reporting principles, the key elements and principles of which are also expressed publicly, will maintain trust in the Honkarakenne Group and its management.

Risk Related to Concentration of Ownership

Saarelainen Oy and certain private Honkarakenne Oyj shareholders within the Saarelainen family signed an amended shareholders' agreement on 17 February 2009. Parties committed to the shareholders' agreement hold 15.40% (15.42%) of all Group's parent company's shares, commanding 36.43 % (36.44%) of all votes. Together, Saarelainen Oy and private shareholders of the Saarelainen family

control a significant percentage of the parent company's voting rights. Concentration of ownership may in certain situations reduce the influence of other shareholders in the parent company.

Operational Risks

Operational risks include both financial and operational risks. Financial risks concern goodwill, intangible rights, deferred tax assets, ability to pay dividends and taxation. Risks related to operational activities are related to products, distribution channels, personnel, operations, and processes.

Risks Related to Goodwill, Deferred Tax Assets, and Intangible Rights

According to the statement of financial position on 31 December 2025, the Group had EUR 1.7 (1.5) million in deferred tax assets, EUR 0.1 (0.1) million in goodwill and EUR 0.6 (0.7) million in other intangible assets. Changes in the market situation may also result in risks relating to impairment of deferred tax assets, goodwill, and intangible rights. Goodwill and other intangible assets with indefinite useful lives are not amortised on a straight-line basis but are tested annually for impairment. For this purpose, goodwill is allocated to units that create cash flows or, in the case of associated companies, goodwill is included in the acquisition cost of the associated company.

The cash flow forecasts used for goodwill impairment testing and the evaluation of deferred tax assets are based on the financial forecasts of Group's management. It is possible that the assumptions related to cash flow forecasts will not be realised, as a result of which the ensuing goodwill and deferred tax asset impairments may have an adverse effect on the Group's business performance and financial position.

Deferred tax assets in the consolidated balance sheet as of 31.12.2025 include an item of EUR 0.7 (0.7) million related to unused losses to be confirmed or confirmed for tax purposes. Deferred tax assets recognised on the basis of losses confirmed in taxation include an item of EUR 0.1 (0.1) million that has no maturity date. The consolidated balance sheet does not include deferred tax assets arising from the parent company's confirmed taxable loss of EUR 3.0 million for the financial year 2025, which would result in a deferred tax asset of EUR 0.6 million.

In the Group's view, deferred tax assets recorded in the statement of financial position can be utilised using the future estimated taxable income for the following years based on Honkarakenne's business plans.

If the result does not develop as expected, it is possible that the tax assets will not be utilised in time and will have to be written down. This may have an adverse effect on the Group's business, business performance or financial position.

Tax Risks

Should future tax inspections reveal any deviations resulting in tax adjustment and possible increases and fines, it could have an adverse effect on the Group's performance and financial position.

The Group operates in several market areas and is subject to many countries' tax regulations.

Product Liability Risks

Product liability risks are reduced by developing products that are as safe as possible. Product liability risk is hedged at Group level with insurance.

Operational Risks and Process Risks

Honkarakenne's operational risks are related to consequences of human activities, the company's internal processes or external events. Operational risks related to factory operations are minimised with systematic development, for example. The launch of new manufacturing techniques and production lines involves cost and capacity risks. Efforts are made to protect against them through careful planning work and staff training. Dependence on key suppliers may increase the Group's material costs, the costs of machinery and their spare parts, or affect production. Operational disruptions may also be related to changes in distribution channels and logistics systems. Contractual risks are part of operational risks.

The Group's business is based on functional and reliable information systems. Risks related to these are managed by having duplicated critical information systems, by careful selection of partners and by standardising workstation models and software and information security procedures. In accordance with the nature of the Group's business, trade receivables and inventories are significant items in the statement of financial position. Credit loss risk related to trade receivables is managed through the Group's prepayment policies, guarantees and letter of credit terms.

The Group's expertise concerns business processes that include marketing, sales, design, product development, production and logistics, and necessary support functions, such as information management, finance, human resources and communications. Significant, unplanned reduction of competence or weakened ability of the personnel to renew themselves is a risk. The Group constantly strives to increase the core and other significant competencies of its

staff by providing opportunities for on-the-job learning and training, and by recruiting skilled new staff if necessary.

Damage Risks

At Group level, non-life and business interruption insurance for fixed assets is managed centrally with the aim of comprehensive insurance coverage for financial losses caused by the realisation of any risks of machine breakdowns, fires, etc. In addition, all critical production lines have an automatic sprinkler system in case of fire. Damage risks also include occupational health and safety risks, environmental risks, and accident risks. As part of its overall risk management, the Group reviews its insurance coverage regularly. Although insurance is taken to cover any risks that are financially or otherwise sensible to cover by that means, the realisation of damage risks may nevertheless result in personal injury, property damage or business interruption.



Honka Kömmeli, Oulu, Finland

30. Capital management

Honkarakenne's capital consists of equity and debt. The aim of capital management is to support business by ensuring operating conditions and increasing shareholder value. The company's capital structure goal is to keep the equity ratio above 35 per cent, taking account of the economic operating environment. The company's distribution of capital to shareholders consists of dividends, repayment of capital and repurchase of treasury shares.

Capital structure and key figures

MEUR	2025	2024
Net financial liabilities	1.0	-0.5
Total equity	9.5	13.7
Total net liabilities and equity	10.5	13.2
Equity ratio (%)	53.1	59.7
Gearing (%)	10.4	-3.5

31. Related-party transactions

The Group's related-parties consist of subsidiaries and associated companies; the company's management and the companies in which they exercise influence, as well as the persons covered by the Saarelainen shareholders' agreement and the 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 Group's parent company and subsidiary relationships are as follows:

Company	Domestic	Holding and share of voting rights (%)
Emoyhtiö Honkarakenne Oyj	Finland	
Honka Blockhaus GmbH	Germany	100
Honka Japan Inc.	Japan	100
Honkarakenne SARL	France	100
Alajärven Hirsitalot Oy	Finland	100
Honka-Kodit Oy	Finland	100

Associated companies

Company	Domicile	Holding (%)
Puulaakson Energia Oy	Karstula, Finland	25,9

Transactions with related-parties and related-party receivables and liabilities

2025 EUR1,000	Sales	Purchases	Receivables	Liabilities
Associated companies	132	347	16	39
Key management personnel	-	-	-	-
Related-parties of key management personnel	-	-	-	-
Other related-parties	10	25	0	
Total	142	372	16	39

2024 EUR1,000	Sales	Purchases	Receivables	Liabilities
Associated companies	188	318	4	-
Key management personnel	-	-	-	-
Related-parties of key management personnel	-	-	-	-
Other related-parties	10	30	0	-
Total	198	348	5	-

The pricing of goods and services in transactions with associated companies is based on market-based pricing.

No credit losses were recognised on receivables from related-parties in 2025 or 2024.

32. Key management remuneration

EUR1,000	2025	2024
Salaries and other short-term employee benefits	836	946
Post-employment benefits	174	194
Total	1,011	1,140

Post-employment benefits include the cost of both statutory and voluntary pension schemes. The pension schemes are defined contribution plans.

Specification of post-employment benefits

EUR1,000	2025	2024
STATUTORY PENSIONS		
President & CEO	45	44
Other members of the Group's Executive Group	72	88
Total statutory pensions	117	132
SUPPLEMENTARY PENSION SCHEME		
President & CEO	22	20
Other members of the Group's Executive Group	36	42
Total supplementary pension scheme	58	62
Total post-employment benefits	174	194

Management salaries and fees

EUR1,000	2025	2024
President & CEO	265	262
Other members of the Group's Executive Group	428	520
Members of the Board of Directors	120	138
Total	813	920
SALARIES AND REMUNERATION OF BOARD MEMBERS		
Timo Kohtamäki, Chairman	42	42
Arto Halonen	24	24
Kari Saarelainen until 11 April 2025	6	24
Maria Ristola	24	24
Antti Tiitola until 11 April 2025	6	24
Rose-Mari Saarelainen since 11 April 2025	18	-
Total	120	138

Management pension commitments and severance pay

No specific agreement has been made regarding the retirement age of Honkarakenne's President & CEO. The basic pension is based on a defined contribution plan, in addition to which the President & CEO, like all Executive Group members, shall have a defined contribution arrangement, the expenses of which are specified under the section describing benefits after the termination of the employment relationship.

Honkarakenne Oyj's President & CEO's period of notice is 6 months, in addition to which he or she will receive compensation equivalent to 6 months' salary if the termination occurs on the company's initiative.

33. Group's key indicators and their calculation

Honkarakenne reports in accordance with the European Securities and Markets Authority's (ESMA) recommendation on alternative key figures (sometimes also called alternative performance measures). An alternative key figure is a financial key figure other than a financial key figure specified or designated in IFRS. Following the recommendation, the term 'adjusted' is used instead of the previous term 'excluding non-recurring items'. The company classifies significant transactions regarded as affecting the comparison between reporting periods as adjustment items. These include, but are not limited

to, significant restructuring costs, significant impairment losses or reversals of fixed assets, significant gains and losses on disposals of assets, or other significant income or expenses that differ from ordinary activities.

In Honkarakenne's view, the alternative key figures provide significant additional information concerning Honkarakenne to management, investors, securities market analysts and other parties on Honkarakenne's result, financial standing and cash flows, and are often used by analysts, investors and other parties. Return on equity,

equity ratio, net financial liabilities and gearing are presented as supplementary key figures, as they are, in the company's view, useful indicators of Honkarakenne's ability to obtain financing and pay off its debts. In addition, gross investments and research and development expenses provide additional information on the needs related to cash flows from Honkarakenne's operating activities. The calculation formulas for the key figures are presented after the key figures.

Economic indicators		2025	2024	2023	2022	2021
Revenue (net sales)	MEUR	37.2	36.7	46.3	73.7	69.7
Operating profit	MEUR	-4.0	-2.4	-0.1	4.2	3.7
	% of revenue (net sales)	-10.7	-6.5	-0.3	5.7	5.3
Adjusted operating profit	MEUR	-3.9	-2.3	0.3	4.2	3.7
	% of revenue (net sales)	-10.6	-6.3	0.7	5.7	5.3
Profit before taxes	MEUR	-4.4	-2.6	-0.3	3.6	3.6
	% of revenue (net sales)	-11.8	-7.2	-0.7	4.9	5.2
Adjusted profit before taxes	MEUR	-4.3	-2.6	0.2	3.6	3.6
	% of revenue (net sales)	-11.6	-7.0	0.4	4.9	5.2
Return on equity	%	-34.0	-14.3	-1.4	15.8	21.0
Return on investment	%	-22.9	-9.7	0.1	17.1	18.5
Equity ratio	%	53.1	59.7	64.3	66.6	60.7
Net financial liabilities	MEUR	1.0	-0.5	-3.0	-9.8	-8.7
Gearing ratio	%	10.4	-3.5	-18.2	-53.8	-51.3
Gross investment *)	MEUR	0.9	1.4	1.8	1.0	1.3
	% of revenue (net sales)	2.5	3.8	3.9	1.4	1.9
Research and development expenditure	MEUR	0.8	0.5	0.6	0.4	0.5
	% of revenue (net sales)	2.3	1.5	1.3	0.5	0.7
Order volume	MEUR	24.8	22.2	18.8	29.0	52.4
Staff on average		159	157	183	190	178

Economic indicators		2025	2024	2023	2022	2021
KEY FIGURES PER SHARE						
Earnings per share **)	euro	-0.70	-0.37	-0.04	0.47	0.56
Dividend per share	euro	0.00	0.00	0.00	0.25	0.00
Dividend/result, %	%	-	-	-	53.0	0.0
Effective dividend yield	%	-	-	-	5.8	0.0
Equity per share	euro	1.62	2.32	2.79	3.10	2.88
P/E ratio		-4.1	-6.3	-79.5	9.2	13.0
SHARE PRICE DEVELOPMENT						
Highest share price of the year	euro	3.52	3.50	4.98	7.72	8.48
Lowest share price of the year	euro	2.20	2.18	2.85	3.72	4.11
Share price at the date of the statement of financial position	euro	2.88	2.32	3.22	4.34	7.32
Market value of capital stock ***)	MEUR	17.0	13.7	19.0	25.5	43.0
Share exchange	value of trading (MEUR)	2.1	1.5	2.9	7.7	25.1
	trading volume (1,000)	785	523	758	1 483	3 792
	percentage of total shares	13.3	8.9	12.9	25.2	64.6
ADJUSTED NUMBER OF SHARES ****)						
	at the close of the period (1,000)	5,890	5,890	5,890	5,887	5,877
	average for the period (1,000)	5,890	5,890	5,888	5,880	5,872

*) Gross investments are presented without right-of-use assets in accordance with IFRS 16 and investment grants received

**) Board's proposal

***) The price of a B-share has been used as the value of an A-share

****) The company's own shares have been deducted

Calculation of key-indicators

Return on equity,%

$$\frac{\text{Profit/loss for the period}}{\text{Total equity, average}} \times 100$$

Return on capital employed,%

$$\frac{\text{Profit/loss before taxes}}{\text{Equity + financial liabilities, average}} \times 100$$

Equity ratio,%

$$\frac{\text{Total equity}}{\text{Statement of financial position total - advances received}} \times 100$$

Net financial liabilities

Interest-bearing financial liabilities – cash and cash equivalents

Gearing,%

$$\frac{\text{Interest-bearing financial liabilities - cash and cash equivalents}}{\text{Total equity}} \times 100$$

Earnings/share (EPS)

$$\frac{\text{Profit for the period attributable to equity holders of the parent}}{\text{Average number of outstanding shares}}$$

Dividend payout ratio,%

$$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield,%

$$\frac{\text{Dividend per share}}{\text{Quotation on the balance sheet date}} \times 100$$

Equity/share

$$\frac{\text{Equity attributable to owners of the parent company}}{\text{Number of shares outstanding at the close of period}}$$

Price-earnings (P/E) ratio

$$\frac{\text{Share price at the balance sheet date}}{\text{Earnings per share}}$$

Parent company's *income statement* (FAS)

EUR1,000	1.1.–31.12.2025	1.1.–31.12.2024
REVENUE (NET SALES)	35,908	36,301
Increase (+) or decrease (-) in inventories of finished goods and work in progress	105	-1,228
Other operating income	348	422
MATERIALS AND SERVICES		
Raw materials and consumables		
Purchases during the financial year	-18,725	-17,264
External services	-7,218	-6,405
Personnel expenses	-7,799	-7,417
DEPRECIATION AND IMPAIRMENT		
Depreciation and amortization according to plan	-1,723	-1,722
Other operating expenses	-5,070	4,788
Operating profit/loss	-4,174	-2,100
FINANCIAL INCOME AND EXPENSES		
Income from group undertakings	-	-
Income from participating interest	-	13
Other interest income and other financial income	39	88
Interest and other financial expenses	-299	-245
Profit/loss before appropriations and taxes	-4,433	-2,244
INCOME TAXES		
Income taxes paid	-	-
Change in deferred tax assets	-	527
Net profit/loss for the financial year	-4,433	-1,717

Parent company's *balance sheet* (FAS)

Assets EUR1,000	31.12.2025	31.12.2024
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	570	667
Total intangible assets	570	667
TANGIBLE ASSETS		
Land and water	928	928
Buildings and structures	2,540	2,877
Machinery and equipment	5,154	4,418
Other tangible assets	189	220
Advance payments and acquisitions in progress	3	1,016
Total tangible assets	8,814	9,458
INVESTMENTS		
Holdings in Group companies	318	318
Investments in associates	387	387
Other receivables from Group companies	450	600
Total Investments	1,154	1,304
Total non-current assets	10,539	11,429
CURRENT ASSETS		
Inventories		
Work in progress	2,356	2,559
Finished products/goods	1,275	967
Other inventories	816	816
Total inventories	4,447	4,342

Assets EUR1,000	31.12.2025	31.12.2024
RECEIVABLES		
Non-current receivables		
Receivables from Group companies	-	-
Loan receivables	-	46
Deferred tax assets	722	722
Total non-current receivables	722	768
Current receivables		
Trade receivables	597	1,144
Receivables from Group companies	1,011	1,124
Receivables from associated companies	16	6
Other receivables	23	253
Accrued income	670	792
Total current receivables	2,316	3,319
Other financial assets	-	-
Cash and bank	1,525	4,014
Total current assets	9,010	12,443
TOTAL ASSETS	19,548	23,872

Equity and Liabilities EUR1,000	31.12.2025	31.12.2024
SHAREHOLDERS' EQUITY		
Share capital	9,898	9,898
Share premium account	520	520
Invested unrestricted equity fund	4,162	4,162
Retained earnings	-715	1,002
Profit/loss for the period	-4,433	-1,717
Total shareholders' equity	9,432	13,865
Obligatory provisions		
Other obligatory provisions	277	232
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	1,100	1,500
Amounts owed to Group companies	-	-
Total non-current liabilities	1,100	1,500
Current liabilities		
Loans from financial institutions	400	400
Advances received	3,587	3,298
Trade payables	1,665	1,589
Amounts owed to Group companies	175	244
Other payables	401	255
Accrued liabilities	2,511	2,488
Total current liabilities	8,739	8,275
Total liabilities	9,839	9,775
TOTAL EQUITY AND LIABILITIES	19,548	23,872

Parent company's *financial statement* of cash flows (FAS)

EUR1,000	11-31.12.2025	11-31.12.2024
CASH FLOW FROM OPERATING ACTIVITIES		
Income for the financial year	-4,433	-1,717
Adjustments		
Depreciation and impairment	1,723	1,722
Other non-fee income and expenses	46	-29
Financial income and expenses	260	144
Other adjustments	-3	-593
Cash flow before change in working capital	-2,408	-474
Change in working capital		
Change in current trade receivables	1,167	409
Change in inventories	-105	1,228
Change in current liabilities	575	-2,330
Cash flow from operating activities before financial items and taxes	-771	-1,166
Interest paid and payments on other operating expenses	-204	-117
Dividends received from operations	0	13
Interest received from operations	22	30
Taxes paid	-	-
Cash flow from operating activities	-952	-1,240

EUR1,000	11-31.12.2025	11-31.12.2024
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-1,185	-1,128
Investments grants received	-	195
Disposal of tangible and intangible assets	-	28
Repayment of loans granted	150	380
Cash flow from investing activities	-1,035	-525
CASH FLOW FROM FINANCING ACTIVITIES		
Loan withdrawals	-	1,700
Repayment of long-term loans	-400	-600
Repayment of dividend		
Repayment of capital (-)	-	-530
Cash flow from financing activities	-400	570
Change in cash and cash equivalents	-2,387	-1,196
Impact of exchange rate changes on cash and cash equivalents	-102	88
Change in cash and cash equivalents	-2,489	-1,108
Cash and cash equivalents at the end of the financial year	1,525	4,014
Cash and cash equivalents at the beginning of the financial year	4,014	5,122
Change in cash and cash equivalents	-2,489	-1,108

Notes to the Parent Company's Financial Statements (FAS)

Accounting principles

Fixed assets

Fixed assets have been capitalised at direct acquisition cost. Buildings and structures include revaluations made in accordance with the previously valid Accounting Act, and the grounds for these revaluations are assessed annually.

Planned depreciation has been calculated on a straight-line basis using the useful economic life estimated based on the acquisition cost of fixed assets. In the category 'Machinery and equipment', the useful life of new factory production lines is 8 years.

Planned depreciation periods:

Intangible rights	5-10 years
Buildings and structures	10-30 years
Machinery and equipment	3-12 years
Other tangible assets	3-10 years.

Inventories

The value of items included in inventories has been determined with the FIFO method at moving average price or at the probable replacement or disposal price, whichever is lower.

Revenue

Sales income from primary business activities less discounts granted and VAT are recognised in the revenue. Sales income is recognised based on deliveries.

Pension arrangements

The employees' statutory pension cover has been taken care of via pension insurance companies.

Items denominated in foreign currencies

Foreign-currency receivables and liabilities have been translated into euros using the exchange rate valid at the balance sheet date.

Income taxes and deferred taxes

A deferred tax asset arising from recognized losses is recorded in the balance sheet if there is sufficient evidence that there will be enough taxable income in the future against which the recognized losses can be utilized.

Notes to the income statement (FAS)

1. Notes to the income statement

1.1. Revenue (net sales) by market area

EUR1,000	2025	2024
Finland	28,000	26,197
Exports	7,909	10,104
Total	35,908	36,301

1.2. Other operating income

EUR1,000	2025	2024
Rental income	47	42
Funds received	102	123
Other operating income	200	257
Total	348	422

1.3. Notes on personnel and management

Personnel expenses EUR1,000	2025	2024
Wages and salaries	6,403	6,138
Pension costs	1,180	1,128
Social costs	216	151
Total	7,799	7,417
Average number of personnel		
White-collar employees	99	100
Blue-collar employees	50	52
Total	149	152
Average number of personnel in person-years		
White-collar employees	96	97
Blue-collar employees	49	51
Total	145	148

Management salaries and fees EUR1,000	2025	2024
President & CEO and Board members	385	400
President & CEO's salaries and remuneration	265	262
Salaries and remuneration of Board members		
Kohtamäki Timo Chairman of the Board	42	42
Saarelainen Kari until 11 April 2025	6	24
Ristola Maria	24	24
Halonen Arto	24	24
Tiitola Antti jäsen until 11 April 2025	6	24
Saarelainen Rose-Mari since 11 April 2025	18	-
Total	120	138

1.4. Transactions with related parties

EUR1,000	2025	2024
Purchases from related parties	372	348
Sales to related parties	142	198
Receivables from related parties	16	5
Liabilities to related parties	39	-

The company's related parties consist of subsidiaries and associated companies; the company's management and any companies in which they exercise influence; and those involved in the Saarelainen shareholder 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.

Related-party transactions are ordinary market-based transactions.

1.5. Depreciation and impairment

Depreciation and amortisation according to plan EUR1,000	2025	2024
Intangible rights	213	238
Buildings and structures	350	363
Machinery and equipment	1,125	1,085
Other tangible assets	36	35
Total depreciation	1,723	1,722

1.6. Auditor's fees

EUR1,000	2025	2024
Audit fees	71	69
Other fees	18	23
Total	89	92

1.7. Financial income and expenses

EUR1,000	2025	2024
Dividends from Group companies	-	-
Dividends from others	0	0
Dividends from associates	-	13
Interest income	21	88
Interest expenses	-94	-85
Other financial expenses	-0	-5
Exchange rate gains/losses	-187	-156
Total	-260	-144

1.8. Income taxes

EUR1,000	2025	2024
Taxes paid	-	-
Change in deferred tax assets	-	527
Total	-	527



2. Notes to the balance sheet

2.1. Intangible assets

Intangible assets 2025

EUR1,000	Intangible rights	Other long-term expenditure	Intangible assets total
Acquisition cost 1 Jan	6,191	2,091	8,282
Increase	70	-	70
Decrease	-	-	-
Transfers between items	543	-	543
Acquisition cost 31 Dec	6,804	2,091	8,895
Accumulated depreciation 1 Jan	-6,029	-2,091	-8,120
Accumulated depreciation on deductions	-	-	-
Depreciation for the financial year	-213	-	-213
Impairments	-	-	-
Accumulated depreciation 31 Dec	-6,242	-2,091	-8,332
Carrying amount 31 Dec	563	-	563

Intangible assets 2024

EUR1,000	Intangible rights	Other long-term expenditure	Intangible assets total
Acquisition cost 1 Jan	6,173	2,091	8,263
Increase	19	-	19
Decrease	-	-	-
Transfers between items	-	-	-
Acquisition cost 31 Dec	6,191	2,091	8,282
Accumulated depreciation 1 Jan	-5,791	-2,091	-7,882
Accumulated depreciation on deductions	-	-	-
Depreciation for the financial year	-238	-	-238
Impairments	-	-	-
Accumulated depreciation 31 Dec	6,029	-2,091	-8,120
Carrying amount 31 Dec	162	-	162

2.2. Tangible assets

Tangible assets 2025

EUR1,000	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and acquisitions in progress	Tangible assets total
Acquisition cost 1 Jan	904	16,640	29,795	2,966	1,106	51,322
Increase	-	-	168	3	-	184
Decrease	-	-	-	-	-	-
Transfers between items	-	-	1,693	-	-1,013	680
Acquisition cost 31 Dec	904	16,640	31,657	2,969	3	52,186
Accumulated depreciation 1 Jan	-	-14,233	-25,377	-2,749	-	-42,360
Accumulated depreciation on deductions	-	-	-	-	-	-
Depreciation for the financial year	-	-350	-1,125	-31	-	-1,506
Impairments	-	-	-	-	-	-
Accumulated depreciation 31 Dec	-	-14,583	26,503	-2,779	-	-43,865
Revaluations	24	470	-	-	-	494
Carrying amount 31 Dec	928	2,540	5,154	189	3	8,814

The recoverable amount is determined at fair value less the cost of selling, and it is based on the management's estimate.

Tangible assets 2024

EUR1,000	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and acquisitions in progress	Tangible assets total
Acquisition cost 1 Jan	904	16,640	28,815	2,966	1,071	50,396
Increase	-	-	91	-	895	986
Decrease	-	-	-60	-38	-	-98
Transfers between items	-	-	950	-	-950	-
Acquisition cost 31 Dec	904	16,640	29,795	2,928	1,016	51,283
Accumulated depreciation 1 Jan	-	13,870	-24,330	-2,675	-	-40,875
Accumulated depreciation on deductions	-	-	38	-	-	38
Depreciation for the financial year	-	-363	-1,085	-35	-	-1,483
Impairments	-	-	-	-	-	-
Accumulated depreciation 31 Dec	-	-14,233	25,377	2,710	-	-42,321
Revaluations	24	470	-	-	-	494
Carrying amount 31 Dec	928	2,877	4,418	217	1,016	9,456

2.3. Investments

Investments 31.12.2025

EUR1,000	Holdings in Group companies	Investments in associated companies	Other receivables from Group companies	Total investments
Acquisition cost 1 Jan	318	387	600	1,304
Increase	-	-	-	-
Decrease	-	-	-150	-150
Impairment reversals	-	-	-	-
Acquisition cost 31 Dec	318	387	450	1,154
Carrying amount 31 Dec	318	387	450	1,154

On 31 December 2025, the parent company had a long-term capital loan receivable of EUR 450 thousand from the German subsidiary, which has been valued at acquisition cost. Management expects the German subsidiary to grow over the coming years. The German subsidiary's balance sheet figures have been valued on the basis of future cash flows as per its business plan.

Investments 31.12.2024

EUR1,000	Holdings in Group companies	Investments in associated companies	Other receivables from Group companies	Total investments
Acquisition cost 1 Jan	318	387	980	1,721
Increase	-	-	-	-
Decrease	-	-	-380	-380
Impairment reversals	-	-	-	-
Acquisition cost 31 Dec	318	387	600	1,304
Carrying amount 31 Dec	318	387	600	1,304

On 31 December 2024 the parent company had a long-term capital loan receivable of EUR 600 thousand from the German subsidiary, which has been valued at acquisition cost. Management expects the German subsidiary to grow over the coming years. The German subsidiary's balance sheet figures have been valued on the basis of future cash flows as per its business plan.

2.4. Shares in subsidiaries and associated companies owned by the parent company

Group companies	Parent company's and Group's holding and voting rights
Honka Blockhaus GmbH, Germany	100 %
Honka Japan Inc., Japan	100 %
Honkarakenne SARL, France	100 %
Alajärven Hirsitalot Oy, Alajärvi, Finland	100 %
Honka-Kodit Oy, Tuusula, Finland	100 %
Associated companies	Parent company's and Group's holding and voting rights
Puulaakson Energia Oy, Karstula, Finland	25,9 %

2.5. Inventories

Other inventories comprise EUR 84 (84) thousand in timeshares and EUR 733 (733) thousand in land areas. Other inventories have been valued at either their acquisition cost or fair market value, whichever is lower.

2.6. Receivables

2.6.1. Deferred tax assets and liabilities

Key items for which no deferred tax assets have been recognised

EUR1,000	2025	2024
Land area write-offs in 2010-2017	637	637
Deferred tax asset from shelf removal	921	627
Total	1,558	1,263

In 2025, a deferred tax asset of EUR 584 thousand has not been recognized from the parent company's taxable profit of EUR -3.0 million.

2.6.2. Current receivables from Group companies

EUR1,000	2025	2024
Trade receivables	1,011	1,110
Other receivables	15	15
Total	1,026	1,124

2.6.3. Accrued income

EUR1,000	2025	2024
Accrued sales commissions	546	661
Other accrued income	124	131
Total	670	792

2.7. Equity

EUR1,000	2025	2024
Share capital 1 Jan	9,898	9,898
Share capital 31 Dec	9,989	9,989
Share premium account 1 Jan	520	520
Share premium account 31 Dec	520	520
Total restricted equity	10,418	10,418
Invested unrestricted equity fund 1 Jan	4,162	4,692
Repayment of capital	-	-530
Invested unrestricted equity fund 31 Dec	4,162	4,162
Profit/loss from previous financial years 1 Jan	-715	1,002
Profit/loss for the financial year	-4,433	-1,717
Profits/loss 31 Dec	-5,148	-715
Unrestricted equity	-986	3,447
Total equity	9,432	13,865

Calculation on distributable equity 31 Dec

EUR1,000	2025	2024
Profit from previous financial years	-715	1,002
Profit/loss for the financial year	-4,433	-1,718
Invested unrestricted equity fund	4,162	4,162
Total	-986	3,447

Calculation on distributable equity 31 Dec

EUR1,000	2025	2024
Profit from previous financial years	-715	1,002
Profit/loss for the financial year	-4,433	-1,717
Total	-5,148	-715

The parent company's shares are divided into the following share classes:

	Votes	pcs
Total A-shares (20 votes/share)	6,001,920	300,096
Total B-shares (1 vote/share)	5,911,323	5,911,323
Total A- and B-shares	11,913,243	6,211,419

2.8. Obligatory provisions

EUR1,000	2025	2024
Warranty provision	244	233
Restructuring reserve	34	
Provisions due to disputes	-	-
Total	277	233

Warranty provisions

The company gives a warranty on its products. During the warranty period, any product defects are repaired at the company's expense or the customer is provided with an equivalent new product. Warranty provisions are based on the number of defective products in earlier years.

Provisions arising from disputes

The company had no significant ongoing disputes at 31 Dec 2025.

2.9. Liabilities

2.9.1. Current liabilities

Liabilities to Group companies EUR1,000	2025	2024
Other liabilities	57	57
Advances received	64	106
Total	121	163

2.9.2. Accruals

Material items in accrued liabilities EUR1,000	2025	2024
Salaries and compensation, including personnel expenses	1,640	1,567
Accrued purchase invoices	177	124
Accrued after-costs	630	661
Other accrued expenses	167	135
Total	2,615	2,487

3. Collateral provided

Debts and liabilities secured with real estate mortgages, business mortgages and pledged shares

EUR1,000	2025	2024
Loans from financial institutions	1,500	1,900
Total	1,500	1,900

Collateral provided for the above

EUR1,000	2025	2024
Real estate mortgages	5,500	6,000
Business mortgage	2,186	2,186
Total	7,686	6,000

Guarantees given

EUR1,000	2025	2024
On own behalf	2,813	3,055
Total	2,813	3,055

Amounts payable for lease contracts

EUR1,000	2025	2024
Payable in the next financial year	143	145
Payable later	114	124
Total	257	269



Honka Fusion+ non-settling CLT log



Signatures for the Financial Statements and Board of Director's Report

Translation from Finnish original

Dividend proposal

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 (2024: 0.00 per share).

Signatures for the Financial Statements and Board of Director's Report

Tuusulassa 11th February 2026

Timo Kohtamäki
Chairman of the Board

Arto Halonen
Member of the Board

Maria Ristola
Member of the Board

Rose-Mari Saarelainen
Member of the Board

Marko Saarelainen
President & CEO

The Auditors' Note

A report on the audit performed has been issued today.

Helsinki 11th February 2026

Ernst & Young Oy Authorized Public Accountant Firm

Osmo Valovirta
Authorized Public Accountant

AUDITOR'S REPORT (Translation of the Finnish original)

To the Annual General Meeting of Honkarakenne Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Honkarakenne Oyj (business identity code 0131529-0) for the year ended 31 December, 2025. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are

further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 7 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p><i>We refer to the Group’s accounting policies concerning revenue recognition and note 2.</i></p> <p>The Group manufactures and sells log house packages, provides log house construction services and sells log billets and by-products arisen during the manufacturing process. Revenue from sales of products and services is recognized when the control associated with the goods or services have been transferred to the buyer either over time or at a point in time.</p> <p>As revenue is a Key Performance Indicator in the Group, there could exist an incentive to recognize revenue before control has been transferred. Revenue recognition is a significant risk of material misstatement referred to in EU regulation No 537/2014, point (c) of Article 10 (2) due to risk of timely revenue recognition.</p>	<p>We addressed the risk of material misstatement relating to revenue recognition by performing e.g. the following audit procedures:</p> <ul style="list-style-type: none"> • We assessed group’s accounting policies over revenue recognition and compared policies with applicable accounting standards. • We tested revenue recognized by tracing the information to customer agreements and to payment documents. • We tested the appropriateness of the recognition period by tracing the information to consignment notes and/or to acceptance documents concentrating on the cutoff of transactions on both sides of the balance sheet date and • We assessed the appropriateness of the disclosures in respect of revenues.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as

they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company’s and the group’s ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on April 13, 2018, and our appointment represents a total period of uninterrupted engagement of eight years.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, February 11, 2026

Ernst & Young Oy

Authorized Public Accountant Firm

Osmo Valovirta

Authorized Public Accountant

Villa Kumpu, Finland





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