

A full-page background image of a person cross-country skiing through a dense forest of tall, thin trees. The ground is covered in snow, and the scene is brightly lit, suggesting a sunny day. The skier is wearing an orange and black jacket and black pants. The text 'IIVARI MONONEN' is centered at the top in a white box.

IIVARI
MONONEN

ANNUAL REPORT

2022

We are Iivari Mononen

We are a responsible, family-owned company, now run by the third generation. It's our goal to pass on the results of our hard work to the next generation, with an increased emphasis on sustainability.

Our impregnated timber is used for building comfortable, robust, and safe outdoor amenities. We also build, install and maintain electricity and telecommunications networks, supporting the critical infrastructure that helps our society function.

We operate in four countries and employ more than 200 professionals. Our products are exported all over the world.

This annual report provides an overview of the highlights of 2022.

Take a look!

Our values

Trust

We keep our promises.

Sustainability

We leave sustainable operations to future generations.

Courage

We believe in our objectives and carry out all operations to the end.

Flexibility

We operate dynamically and seek the best solutions for our goals.

Collaboration

We help our colleagues and build long-term partnerships.

2022 in a nutshell



livari Mononen Group 70 years

Last year marked 70 years since livari Mononen delivered the first pole in 1952. We celebrated the anniversary with staff parties in Newport, Hamar and Joensuu.

Group's turnover

84.1
million euros

In 2022, the turnover of livari Mononen Group was EUR 84.1 million, which is 1.7% less than in 2021.

SCAN|POLE

Turnover EUR 56.0 million
(EUR 49.0 million in 2021)

PRIMA|TIMBER

Turnover EUR 21.4 million
(EUR 27.7 million in 2021)

exsane

Turnover EUR 7 million
(EUR 8.9 million in 2021)

Group's EBIT

2.2
million euros



We use zero-emission electricity in Finland

We use zero-emission electricity supplied by Pohjois-Karjalan Sähkö in our companies operating in Finland (Scanpole Oy, PrimaTimber and Exsane).

364

accident-free days at
Exsane

Sustainability investments

1.6
million euros

Sales to

17
countries in 2022

Our products have become an integral part of infrastructure in more than 70 countries.

Over

100,000 m³
of timber procured

In 2022, Scanpole procured a total of more than 100,000 m³ of timber from Finland and Norway.



Message from the Group's CEO

In 2022, the global situation continued to be unstable. Just when life was returning to normal after the COVID-19 pandemic, Russia started hostilities in Ukraine. The war had a significant impact on business, as Russia, Belarus and Ukraine are globally significant suppliers in the sectors of energy, the metal and forest industries and agricultural products. The material flows of these products changed and demand for a large number of products momentarily exceeded supply. In addition to the human catastrophe suffered by the Ukrainian people, the war caused an inflationary shock to the world economy. Inflation was caused by strong increases in the prices of energy, logistics, agricultural products and raw materials.

Our Group had to operate under strong cost pressure throughout the year: the price of logs initially increased due to the strong demand for sawn timber. The price of small-diameter wood from the trimming of forests also began to increase after the Russian pulpwood streams died down. Going forward, small-diameter wood from thinning will become scarce due to increasing investments and new, innovative products entering the markets.

The closing of the Saimaa Canal, occasional capacity shortages in the freight markets, and increasing fuel prices

resulted in considerable changes in logistic costs. In addition, the upsurge in electricity prices caused cost pressures towards the end of the year. Along with rising interest rates, these factors impacted consumer demand, and amplified economic uncertainty.

In the pole and fence business, cost increases and supply chain problem were the biggest challenge. Due to our annual agreements with customers, costs are not immediately transferred to customer prices. Our end products, however, experienced high price pressure. The raw materials used for chemical impregnation of our products have been largely sourced from countries that are now at war, leading our suppliers to seek alternative sources. This uncertainty surrounding raw material availability, coupled with higher prices, posed significant challenges. Additionally, in 2022, the European Chemicals Agency published new upcoming restrictions on creosote oil; a chemical we use to impregnate our products. Creosote oil will be withdrawn from the European market following a transition period. Despite these obstacles, we maintained our position in the main markets, providing a good foundation for our operations in the coming years.

In the coming years, investments will play a key role. In 2022, we made sustainability investments, such as

finalising the soil cleaning at the Nurmes plant, and prepared our investment strategy and plans for the future. We are preparing for the stricter requirements by investing in copper oil products, which are an essential part of our green transition.

For the pole business, the year 2023 looks promising, with the telecommunications market being the driving force. The market for the fence business is more challenging due to the uncertain global economy. The cost level is still increasing somewhat, even though inflation is slowing down. In 2023, we will invest in the marketing of copper oil products and generally prepare for a reduction in the use of creosote.

In the construction timber business, advance sales were at a high level early in the year. However, as a result of the war in Ukraine, demand stalled in April, which resulted in a financially challenging year. The high stock levels and the sharp fall in the market prices for sawn timber undermined profitability. Due to the collapse in demand, we had to implement production adjustment measures towards the end of the year. The business environment became unstable as a result of the strong fluctuations in raw material prices.

In 2022, we invested in the finalisation of the investment project and the planning and streamlining of operations at the Karhunmäki production plant.

The level of demand in 2023 is expected to be far calmer than in 2022 due to economic uncertainty.

The profitability of the **network construction business** was affected by the increase in fuel and material prices and, at times, challenges in the availability of materials and components. The war in Ukraine also caused workforce availability problems for our subcontractors, which led to delays in forest projects. As for the adjustments implemented in the project business, they were reflected as a decrease in the company's turnover. At the same time, some network companies reduced investments due to the update of the Electricity Market Act. Growth during the year was achieved in the outdoor lighting and electric car charging businesses.

As a result of the 2022 investments in improvements related to occupational safety, the business was granted an ISO45001 certification.

For 2023, there is still uncertainty in the market due to the changes in the Electricity Market Act and the

unit price list of the Finnish Energy Authority. The sufficiency of electricity and the price of energy will have an impact on customers and business. Business growth is sought by expanding the customer base near our sites, by serving local customers even better, and by offering new services (car charging and solar power plants).

In the future, the cornerstones of our strategy will be profitability, cash flow and the green transition. We want to be the most profitable and sustainable company in our industry and a pioneer in using the available technology. Over the next five years, we will invest nearly EUR 15 million in next generation technology, environmental aspects related to our plants, production capacity increases and energy efficiency.

We seek growth, as stated in our strategy. For 2023, we expect our turnover to grow moderately. There is significant growth potential in the pole and fence business. In the construction timber business, the main focus is on improving profitability. In the network construction business, we are returning to the growth path. There is consolidation taking place in our business sectors. Naturally, we want to be an active party in this development.

As a family company, our employees' occupational well-being is important to us. We want to give our employees the opportunity to grow in their careers, and as part of our Group's personnel development programme, we started the operations of Iivari Mononen Academy. Through the Academy, we provide the opportunity to get to know the various businesses of the Group and offer new challenging projects in addition to the current work duties.

Our Group's values are at the very core of our operations: **trust, courage, flexibility, sustainability, and collaboration**. Our corporate responsibility promise is to leave a sustainable and profitable business to future generations.

Ari Mononen
CEO
Iivari Mononen Group

Corporate responsibility is a common cause



Taxation

We pay our taxes locally where our income is generated.



Local operations

We employ and offer traineeships to a large number of young people. We help them start their careers and support them in their studies.



Environment

We minimise energy consumption and use as much renewable energy as possible.



Product development

We want to be at the forefront of product development and invest in future innovation. We have successfully combined traditional in-person work with digitalization.



Products

We aim to ensure the continued use of wood as a renewable raw material, and prioritize the use of safe chemicals.



Business

We will pass on our business to future generations on a sustainable, increasingly responsible basis.



Transport

We use lower-emission rail and ship transport to the maximum extent and we are modernising our transport fleet.



We Empower

The logos of Iivari Mononen, PrimaTimber, Scanpole, and Exsane can be seen across high-school visibility vests of schoolchildren, lists of event sponsors, and emblazoned on the outfits of professional athletes. We are privileged to support sports as part of our corporate social responsibility.



Photo: Mikael Rajahalme

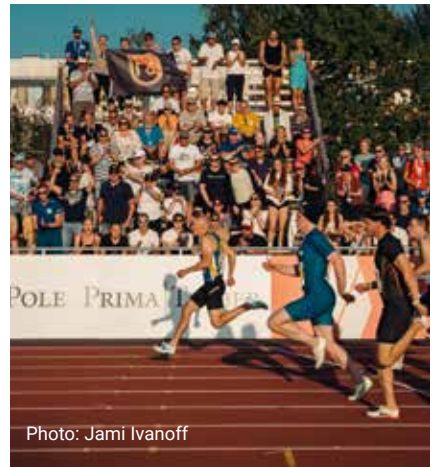


Photo: Jami Ivanoff





Personnel



211 employees

As of 2022, the livari Mononen Group had a total of 211 employees across four countries. Here's a breakdown of the number of employees by country:

Finland	132
Norway	44
Great Britain.....	34
Sweden	1

In 10 locations

We are a significant regional employer, and our operations span across four different countries in 10 different locations:

Finland: Heinola, Joensuu, Lapinlahti, Mikkeli, Nurmes, Porvoo and Tampere

Norway: IIseng ja Kirkenær

Great Britain: Newport

Sweden: Gothenburg

-50% reduction in occupational accidents

At our Group, we take occupational safety very seriously, and have made significant investments in it. Over the years, the number of occupational accidents has stayed consistently low, and in 2022, the number decreased by half. Thanks go out to all our staff for their strong commitment to occupational safety!



Future experts at work

Employing young people by various means for different work duties is not only a great opportunity for young people to accumulate their experience, but also a great opportunity for the company to impress future experts.

Corporate social responsibility has been an important theme at livari Mononen Group for many

years, and we strive to live up to our responsibility by, for example, doing our best to offer summer jobs, traineeships and thesis opportunities.

Several young people of different ages and educational backgrounds gain work experience in our Group every year.

Things are changing

It feels like there have been enough surprises in the past three years. The Russian invasion of Ukraine in early 2022 had devastating consequences that resonated across the world, negatively impacting Scanpole's businesses and established structures. Supply chains and raw material sourcing had to be reconstructed under the cost pressures triggered by the COVID-19 pandemic. Despite these challenges, we were able to raise our sales prices to offset the increased costs, thanks to our understanding and loyal customers.

In addition to the war in Ukraine, the long-awaited decision on the future of creosote as a preservative in the EU and Norway meant that it was necessary to make changes to our operations. Norway will phase out creosote altogether, and the remaining European market for creosote products will shrink significantly. Although it appears as though creosote will remain in use until 2029, times are changing. We will respond to these changes with significant investments in our production facilities, beginning with our very first next-generation copper oil plant in Norway. This change presents an excellent opportunity to elevate our operations to an even more sustainable and future-proof level. There is no doubt that timber will continue to be a big deal in the future.

FINANCIAL YEAR 2022

In 2022, it seemed that there was no ceiling for increases in the prices for timber, chemicals, fuels and services. The early part of the year was a race to develop new supply chains and to tackle cost increases and price increases. We were very successful in winning major contracts in the pole business, providing a solid foundation for our operations in the upcoming years. While the business in the electricity sector is fairly stable from one year to the next, the telecommunications sector has multiple large fibre construction projects underway in different parts of Europe, which will translate into excellent demand in the next few years. Our performance improved significantly in almost all of our main market areas compared to the previous year, which demonstrates both our strong market position, and our customer's trust in us.

Our fence business experienced challenges, as after many years of successful growth, the availability of raw materials and the demand for products weakened towards the end of 2022. The European agricultural sector suffered from rising prices, which was reflected in prudence in procurement across our operations. As competition continues to intensify, the winners will be those capable of maintaining a stable supply flow of raw materials to production facilities.

OUTLOOK FOR 2023 AND THE FUTURE

We are entering 2023 with a positive mindset, even though the effects of the war are still felt and visible in our operations. Costs are high, and the situation is unlikely to significantly improve in the foreseeable future. Our focus in the pole business is on the telecommunications market, where we expect record sales. With strong demand for poles in Europe and other regions, sales prices are likely to remain high. If our procurement is successful, we also expect to maintain a steady pace of deliveries throughout the year. Currently, in 2023, we have several interesting ongoing calls for tenders, and we anticipate more to follow in the near future. Winning these tenders would further strengthen our operational foundations for the coming years. The fence business is facing uncertainty regarding the trends of the year ahead. Despite weaker demand, we predict that there will be a shortage of raw materials in our main markets. The winners will be those who are able to establish sustainable supply chains from the forest to their customers.

In terms of regulation, we are waiting for the UK's permit decision regarding the future of creosote, especially with regard to fence posts. We prepare for possible changes in the market through extensive investment plans and by increasing investments in the marketing of new products. During the year, we will launch the Pole+ product family in both lines of business and will firmly defend the role of timber as the best infrastructure building material in the future, as well.

THANK YOU

No matter what challenges we face, we will make it, and can surpass our limits. A warm thank you to the entire staff for their dedication, commitment and problem-solving ability during stormy times! I hope that we will have a more normal year at some point.

Janne Monni
CEO
Scanpole





Pole+

is a new generation pole and fence product

Scanpole's new Pole+ products provide an environmentally friendly and durable alternative to poles treated with traditional impregnation agents. The products are treated with copper oil. The protective agents in copper oil slow down the decay of the wood, and the water-repellent properties are created with a so-called carrier oil. The durability of Pole+ products thus meets the strict requirements set for critical infrastructure.



5100 km

fence posts

Last year, Scanpole's fence post production totaled 5,100 kilometers, enough to build a fence stretching over 7,500 kilometers, which would circle Finland more than twice!



Kevin Page's 30 years of experience means he knows about poles

Kevin Page, the site manager at Newport, has a rich background in working with poles. After serving in the British Army, he started his career at Burt, Boulton and Haywood in 1992. He began as a telecom pole inspector and fabricator before progressing to leadership roles, including Production Supervisor, Regulatory Affairs Manager, and Production Manager.

In 2015, after Iivari Mononen purchased BBH, he began working for Scanpole BBH Ltd. as a Site and Technical Manager. "We're only as good as the team we have around us," he notes proudly. Kevin was pleased that the family-owned company appreciated the passion that BBH had for its work. "I look forward to seeing the development of Newport over the new few years."

When he isn't working, Kevin enjoys playing golf and traveling. He fondly remembers playing in the Holjäkä Open in 2018; a trip which turned into a wonderful week-long holiday. "We stayed with Pekka Mononen's family and even got to stay at their summer cabin. It was an unforgettable trip that I would love to do again at some point," Kevin says.



A year full of challenges

The year 2022 started with cautious optimism. Our industry's early-year pre-sales remained normal despite a decrease in sales at the end of 2021, and our orders and deliveries remained at a good level until April.

However, demand stalled in May due to the war in Ukraine and the ensuing general uncertainty. Unfortunately, the Summer, which is an important sales season for us, was marked by practically non-existent sales, which made the year challenging. Despite the demand for impregnated timber failing to return to normal levels for the remainder of the year, there a glimmer of light brought about by a slight upturn in demand for spruce products used in construction towards the end of the third quarter.

We had to react to the changed market situation and, for the first time in the company's history, we started change negotiations in August. Fortunately, the measures resulting from the change negotiations were relatively short-lived and we restarted our machines in November. However, due to the general market situation, preparations for 2023 started later than usual, but the future was still foggy.

COMPLETION OF THE KARHUNMÄKI PRODUCTION PLAN

In 2022, we successfully finalized the Karhunmäki investment project that commenced a year earlier, with results including a new warehouse and a planning line safety project. We now operate two state-of-the-art production plants that are constantly being developed.

A FINANCIALLY DIFFICULT YEAR

Turnover for the financial year 2022 was EUR 21.4 million. For the first time in more than a decade, we were unable to grow our operations as compared to the previous year.

The collapse in demand in April, the resulting high inventory levels early in the period and the sharp fall in the market prices for timber during the period, together with other cost factors, undermined the profitability of operations for the whole year.

LOOKING FORWARD

In the midst of challenging times, it is crucial to respond and prepare for continuing difficulties. In 2023, we expect demand for impregnated timber products to remain moderate as long as the global situation remains uncertain.

Long-term customer relationships and high-quality operations play an even more important role, and amidst the challenges, it was good to see that our customers have confidence in the future in the prevailing situation.

The past few years have also been challenging for people, and I would like to thank our professional staff for working together for our common goals.

This year marks the 20th year anniversary of PrimaTimber. We are, and will continue to be, a reliable, high-quality operator in our industry; ready to overcome any challenge that faces us.

Joni Nousiainen
CEO
PrimaTimber





100% of packaging plastic is recyclable

We only use recyclable packaging plastic to protect our products. Our goal is to reduce the use of plastic in the future and replace it with other alternatives. At the same time, we strive to minimise the amount of waste generated in production. Further information about our sustainability actions can be found in our Sustainability Report.



over 150 dealers

PrimaTimber's products are sold throughout Finland from Enontekiö to Hanko and from Vaasa to Tohmajärvi. Our network includes more than 150 professional sales representatives. The photo depicts Timo Turpeinen from Timon Rautakauppa in Liperi.



Miika Tolvanen enjoys working with customers

Sales Manager Miika Tolvanen started as a summer employee at PrimaTimber impregnation plant while studying at the University of Eastern Finland. He has now completed his master's degree in forest sciences and is one of the company's two sales managers.

After two summer job stints, he applied for a sales manager job. No sales manager was hired, but Miika ended up as a product manager and learned about production processes and the duties of a supervisor. In autumn 2021, Miika started in a pure sales position.

"I like customer service duties the best. When you find a mutually satisfactory solution with the customer, you feel successful. It is always nice to go to work as the duties are diverse, you can plan the days yourself and there is good team spirit," he says.

When asked about the change in work at PrimaTimber, Miika says that "Work has changed a lot over the past few years. COVID-19 resulted in major changes in demand. On the other hand, the new ERP-system has streamlined and developed production.

"As a former competitive swimmer, I've always wanted to have exercise as part of my daily routine. I spend my spare time at the gym, cycling and on ski tracks in winter. It is also a good way to forget work."

Investing in safety

The year 2022 was challenging and exceptional for Exsane as well. The 2021 amendment of the Electricity Market Act and the updating of the Finnish Energy Authority's unit price list led many network companies to decrease their investments. Updating of the Finnish Energy Authority's price list will continue into 2023. However, our strategic investments in the service, outdoor lighting and maintenance businesses improved Exsane's profitability.

The significant decrease in electricity network construction projects compared to previous years was reflected as a decrease in the entire company's turnover. We also worked partly as a subcontractor in certain projects, where our responsibility was limited to electrical work. The increase in material costs and intermittent availability problems posed challenges for some businesses during the year. The exceptionally high increase in fuel prices caused by the war in Ukraine had a significant impact on all businesses. Overall, however, the cost increases caused by the war in Ukraine only moderately impacted our company.

In the forest business, the availability of foreign employees decreased, which caused problems for our subcontractors. This, in turn, caused significant delays in forest projects.

The general situation and uncertainty in the world, as well as inflation, also had a major impact on the demand for electricity connections in 2022. The rapid pace of electricity connection construction that started in the previous year slowed down a great deal during the year. In the service agreement area, this was observed in a decrease in workload and turnover.

Despite the challenges, our turnover increased in the outdoor lighting business and we also secured new projects in the car charging business.

OCCUPATIONAL SAFETY IS A PRIORITY

We started to see the results of the work quality and safety monitoring improvements that were started last year as part of our ERP system. We received good feedback on occupational safety, quality and schedules from almost all of our customers, which shows that the continuous development of our quality, environmental and occupational safety systems to improve their functioning and to make them more practical will also be important going forward. As a result of our determined safety work, we obtained an ISO 45001 occupational health and safety certification.

We also continued to develop the service operation processes and the ERP system from the perspective of our various businesses in order to support and improve the efficiency of our operations.

OUR EXPERTISE WILL BE NEEDED IN THE FUTURE

Going forward, our goal is to ensure profitable growth by directing our focus to the right geographical areas and providing our customers with high-quality service. We work in a sector that provides essential services to society, and these services will continue to be in demand for the years to come. Although digitalisation has introduced automation and new functions to the industry, skilled workforce will continue to play a critical role. One of the most important development projects in 2023 is related to developing our employees' occupational well-being and ability to cope at work. The industry needs new talent now and in the future. We want to participate in the training of future experts and create new jobs for them.

The rise in energy prices and the much-discussed electricity shortage have created market demand for new possibilities related to electricity production and energy saving. We develop our own organisation and operations with the help of all our employees in order to meet future infrastructure needs. At the beginning of 2023, we launched a new service offering solar power plants for companies and housing companies.

In line with our shared values, sustainability will be increasingly visible in our operations in the coming years. We have also succeeded in taking concrete measures to achieve our goal of being carbon neutral by 2035. In 2022, we replaced old combustion engine-powered tools with battery-powered tools, and we acquired the first electric van for our company early in 2023.

Finally, I would like to thank our great personnel for the past year. I am very proud of the work we have done together to promote occupational safety. I would also like to thank our customers, subcontractors and other stakeholders for the past year.

Jukka Samola
CEO
Exsane





Charging stations of electric cars as a new business

With the rapid emergence of electrification in transportation, more and more companies are purchasing electric cars. These dynamic changes have resulted in growing expectations from employees for accessible car charging stations.

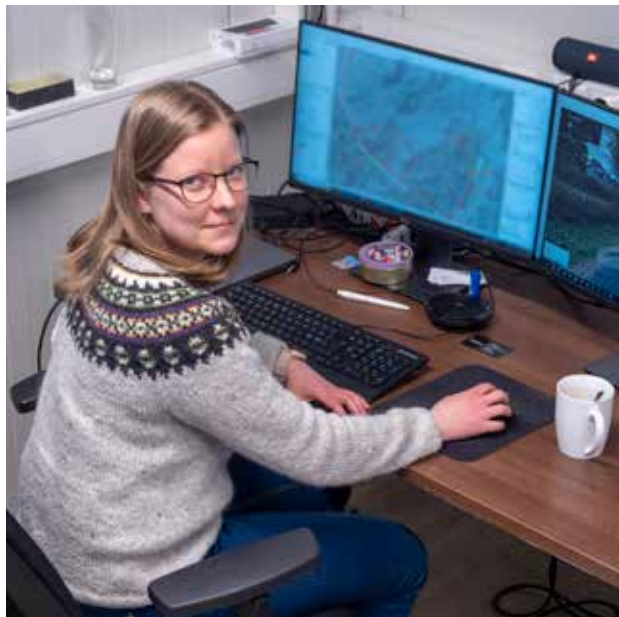
Housing companies have also observed this increasing demand for charging stations. Exsane offers charging stations for corporate facilities and housing companies as a turn-key service, starting with an initial survey and ending with equipment installation or continuous maintenance.



Occupational safety is everyone's business

At Exsane, we believe that every occupational accident is one too many. That is why we are proud of our strong occupational safety culture.

Our commitment to improving safety has been recognized with the award of the ISO 45001 certification for occupational health and safety, in addition to our previous ISO 9001 and ISO 14001 certifications. Our employees' dedication to improving our culture of occupational safety contributed to the award of the certification.



Eveliina Toivanen appreciates the variety in her work

Design Engineer Eveliina Toivanen is celebrating her seventh year at Exsane this year.

"The best part of my job is the variety. I not only design but also develop the design projects. At the moment, I am also heading a larger project near Heinola."

Eveliina, who is based in Lapinlahti, has a bachelor's degree in power engineering, but she has completed a master's degree at Karelia University of Applied Sciences while working.

"Although my work is very independent, it is also very sociable. In addition to my own team, I am in contact with customers and landowners almost on a daily basis. This also ensures that there is nice variety at work."

"There are also challenging situations, but you can get through them by finding a compromise. Completing a project always gives you a feeling of success."

Eveliina considers it a good thing that Exsane is not a large company.

"Exsane is the right size. I know more or less all employees by name. We also have clear objectives."

During her free time, she enjoys skiing and working out at the gym. As for holiday activities, she always enjoys hiking. "Hiking around the Muotka fells last Summer was an unforgettable experience. I would love to go back there," she says.



Timber procurement is changing

Turbulent times continued in the world in 2022, and the effects of the war started by Russia also extended to the wood supply for Scanpole Group. As inflation soared in the economy, the prices of forest-based raw materials also rose sharply in the first half of the year. The biggest single reason for the increase in costs was the exit of Russian wood from the European market. This resulted in major changes in the wood streams in Europe due to the need to secure the raw material supply chains and the operations of plants. Another major factor was the increased need for various wood components for energy and heating use in Europe. For forest owners, the situation was reflected both in the high demand for all wood types and the continuing price increases.

WOOD PROCUREMENT IN FINLAND

Scanpole Oy started the year with a good reserve and stock situation for a year and received a sufficient number of poles for the Höljää factory in the spring. This allowed the planned harvesting and procurement to commence in November. Stumpage prices remained uncommonly high during the winter, with the demand for small-diameter wood exceeding the supply. It remains to be seen what the demand and market price of sawn timber will be in 2023.

WOOD PROCUREMENT IN NORWAY

Regarding pole procurement in Norway, the early part of 2022 went smoothly. Later in the spring, deliveries increased and we obtained the targeted amount of raw material for the IIseng plant. Debarking was completed by the end of June. In the autumn, the rate of regeneration

falling in Norway was slower, as suppliers reduced the cutting of logs due to large stocks of sawn timber. The unclear demand situation in the market for sawn timber will also affect the pole logging in spring 2023.

The acquisition of fence posts at Scanpole As started at the beginning of the year with satisfactory volumes, but later in the spring, the delivery volumes began to decrease. The strong increase in the price of and demand for pulpwood and energy wood began to be reflected in the availability of raw material. The purchase price of raw materials rose to a new record level during the summer. We responded to the increased competition and demand by expanding the procurement area and delivery volumes. The strong demand for small-diameter wood was visible in Norway, and not all the raw material needs could be met at the Kirkenær plant. In total, however, the 2022 production volumes did not fall radically short compared to the previous year.

Tommi Mononen
Forest Director





Focus on Group development

In 2022, the importance of information security was further emphasised. Security is one of the fundamental pillars of our operations, which is why we strive to ensure that all our information systems are protected against data breaches and other potential threats. The ICT team's goal is to provide a secure operating environment that aligns with our business needs. Our priority has been to make it easier for our employees to recognize digital threats, and we will continue our efforts to achieve this in the upcoming year.

This was a major year in terms of the continuation of the digital transformation. The digitalisation of production plants proceeded as planned. Our aim for this year is to have digital tools in use across all of our sites. In addition to these deployments, we are constantly developing the systems already in use.

Improving ERP systems has been an important part of our strategy in the past year. Our aim is to streamline and automate processes, which frees up the employees' time for other work. We also want to develop reporting and the

internal flow of information within our organisation. Our various technical solutions enable effective communications. As an example, TVs used for information sharing can already be found on several sites.

We have provided our personnel with comprehensive user support and invested in training and instructions to ensure that users can use our systems as efficiently as possible. Daily user support is, and always will be, an important part of our team's work.

Ilona Rannikko
ICT Director



In 2022, we took even greater steps towards the green transition. The Nurmes plant completed the final stage of soil cleaning, which was ongoing for years, and finalised a new chemical reception area, providing excellent conditions for continuing the plant's operations.

We are transitioning to next-generation impregnation agents as the use of creosote will be limited in the upcoming years. Quality assurance is the key to introducing the copper-oil impregnated Pole+ products to the market. We have developed and optimized new and existing processes at our impregnation plants based on the solid results of research and testing.

ingly strict requirements. Over the next five years, we will invest in next generation technology, environmental aspects related to our plants, production capacity increases and energy efficiency.

Sami Lehtoranta
Technical Director



FUTURE

We prepared for the future by creating an investment strategy and plans that allow us to respond to the increas-



CFO's review

As a result of the changes taking place in the world around us, 2022 was a year of mixed events for our Group. The year 2022 started on a positive note, but after Russia launched its attack on Ukraine, the supply chains faced significant challenges and later inflation had a comprehensive impact on costs.

Our Group's total turnover decreased by 1.7 per cent in the past financial year, totalling EUR 84.1 million, which can be said to be a reasonable result in this persistently challenging operating environment. In terms of profitability, our Group's EBIT fell in the period by 2.5 percentage points to EUR 2.2 million.

The most significant changes in the business were seen in our key cost items, as the costs of raw materials, logistics and energy increased significantly. In particular, the closing of the Saimaa Canal had a significant impact on Scanpole's supply chains. The increase in costs naturally challenged our Group also in terms of working capital, because our timber business is rather capital-intensive by nature. However, our strong balance sheet and extensive buffers enabled us to continue our operations at a normal level throughout the year.

Despite the challenging operating environment, we were able to make significant investments in environmental safety, operational capability and our digital ERP system. In 2022, our investments totalled EUR 2.7 million. This means that we have invested more than EUR 18 million in the development of our business operations over the past five years, and we will continue with a similar investment rate in the coming years.

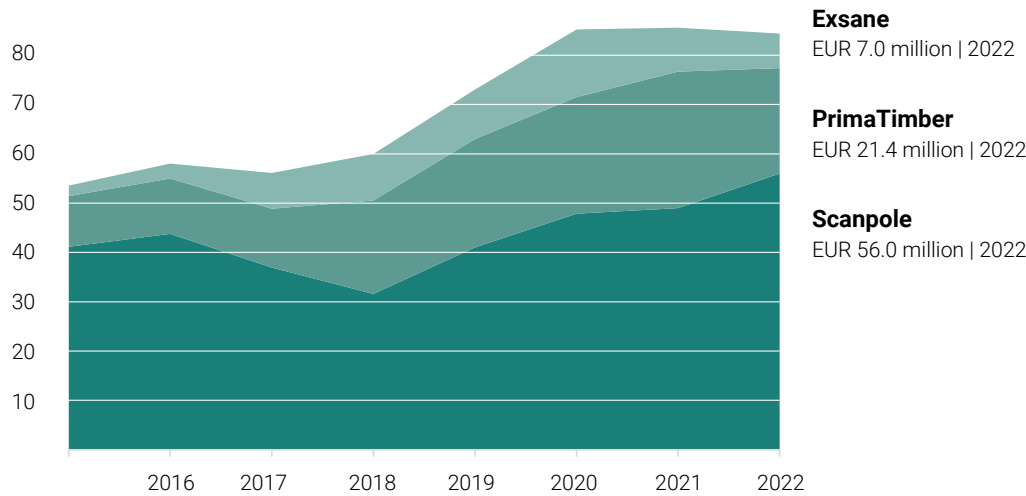
For us at Iivari Mononen Group, it is very important to bear our share of social responsibility in addition to economic and environmental responsibility. We want to be a key player and a reliable employer in the locations where we have operations. In 2022, we had 211 employees in four countries and 10 locations, with a total payroll of EUR 12.4 million. We have also made annual contributions to support local vitality through significant sponsorships and donations.

Despite the challenging conditions and uncertain outlook, we are in an excellent position to develop our Group's operations to the next level. In the coming years, we will invest heavily in business growth as well as in new technologies and the green transition. This is made possible by our Group's strong balance sheet and profitable business, which we have been able to maintain even during these very challenging years.

Kaj Källarsson
CFO



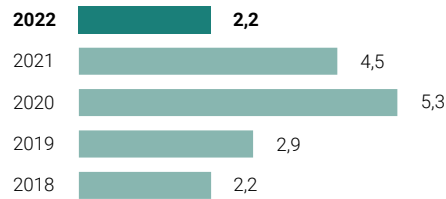
Turnover
EUR million



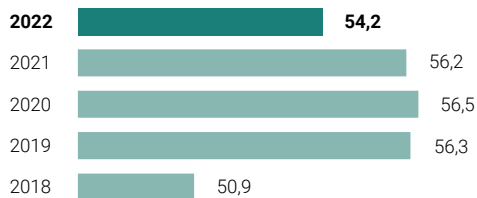
Turnover
EUR million



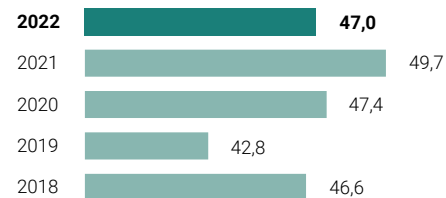
EBIT
EUR million



Assets
EUR million



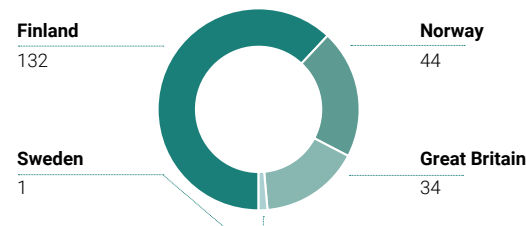
Equity ratio
Percent



Group's employees
Persons



Employees by country
Persons



IIVARI MONONEN GROUP, INCOME STATEMENT		2022	2021
Turnover		84,094,748	85,532,502
Changes in inventory of finished goods and work in progress		-654,639	858,125
Other operating income		406,453	702,421
Materials and services		-48,098,444	-51,877,358
Personnel expenses		-12,413,498	-12,462,297
Depreciation, amortisation and impairment		-2,197,651	-2,158,613
Other operating expenses		-18,901,725	-16,093,649
EBIT		2,235,244	4,501,132
Financial income and expenses		-1,016,328	-84,385
Profit/loss before appropriations and taxes		1,218,916	4,416,747
Appropriations		11,286	15,556
Income tax		-654,914	-936,298
PROFIT FOR THE FINANCIAL PERIOD		575,289	3,496,005

BALANCE SHEET, ASSETS		2022	2021
Intangible assets		6,010,994	5,472,060
Tangible assets		11,241,018	11,778,399
Investments		35,622	32,636
Non-current assets		17,287,634	17,283,095
Inventories		23,473,719	26,339,002
Non-current receivables		125,707	126,247
Current receivables		13,191,872	12,369,228
Cash in hand and at bank		85,212	96,079
Current assets		36,876,510	38,930,556
ASSETS		54,164,144	56,213,650

BALANCE SHEET, EQUITY AND LIABILITIES		2022	2021
Share capital		70,000	70,000
Retained earnings		24,771,164	23,545,237
Profit/loss for the financial period		575,289	3,496,005
Equity		25,416,452	27,111,241
Non-current liabilities		9,346,349	11,488,516
Current liabilities		19,401,342	17,613,892
Liabilities		28,747,692	29,102,408
EQUITY AND LIABILITIES		54,164,144	56,213,650

Board of Directors and Management Group 2022

Management Group



Ari Mononen
CEO
Iivari Mononen
Group



Kaj Källarsson
CFO
Iivari Mononen
Group



Sami Lehtoranta
Technical Director
Iivari Mononen
Group



Ilona Rannikko
ICT Director
Iivari Mononen
Group



Janne Monni
CEO Scanpole



Tommi Mononen
Forest Director
Scanpole



Petri Rajasuo
Business Director
Scanpole



Joni Nousiainen
CEO
PrimaTimber



Jukka Samola
CEO
Exsane

Board of Directors 2022

Ari Mononen, Chair of the Board
Arvi Mononen
Aino Mononen
Jaana Mononen

Juha Mononen
Lasse Mononen
Tommi Mononen

Boards of Directors of the operating companies 2022

Scanpole Oy

Ari Mononen, Chair of the Board
Janne Monni
Vesa Korpimies
Arvi Mononen
Pekka Mononen
Tommi Mononen

PrimaTimber Oy

Ari Mononen, Chair of the Board
Vesa Korpimies
Janne Monni
Arvi Mononen
Pekka Mononen
Tommi Mononen

Exsane Oy

Ari Mononen, Chair of the Board
Martti Kallioniemi
Vesa Korpimies
Tommi Mononen
Antero Vehkala

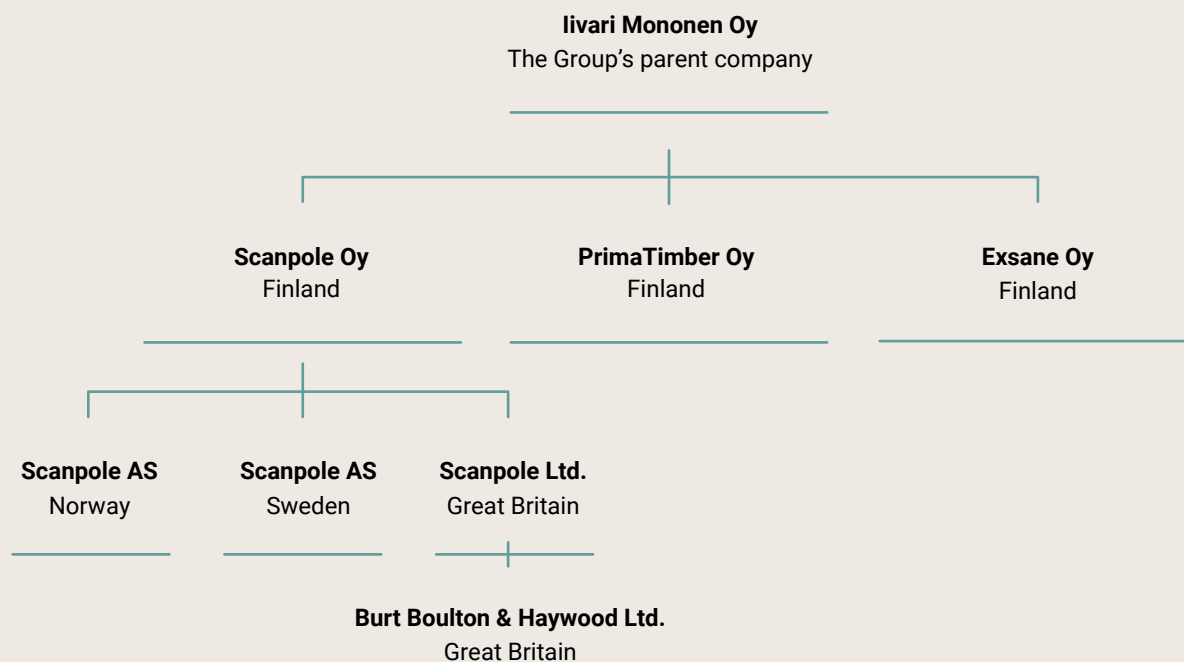
Group structure

The Group's business operations are divided into three operating companies:

- Pole business (**Scanpole Oy**)
- Construction and impregnated timber business (**PrimaTimber Oy**)
- Service business (**Exsane Oy**)

We employ a total of 211 professionals at our sites in four different countries.

Our sites outside Finland are located in Sweden, Norway and Great Britain.



The subsidiaries of Scanpole Oy are: Scanpole Ab, Scanpole AS and Scanpole Ltd.

Scanpole Group's British subsidiary Scanpole Ltd. owns Burt Boulton & Haywood Ltd., the leading pole manufacturer in Great Britain.

Our products operate as part of infrastructure to secure people's electricity supply in

**MORE
THAN 70 COUNTRIES**

We have contributed to bringing prosperity to developing countries and we will ensure that sparsely populated areas remain lively.

IIVARI MONONEN

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80110 Joensuu
+358 20 733 0500
www.iivarimononen.fi

Scanpole Oy

Sales and management
Länsikatu 15
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+358 20 733 0500

Impregnation plant
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75990 Höljäkkä
+358 20 733 0510

Scanpole Ltd
Burt Boulton &
Haywood Ltd
Alexandra Dock
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Wales
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United Kingdom
+44 1633 235800

Scanpole AS

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borgsväg 14
436 42 Askim
Sweden
+46 771 444 040

PrimaTimber Oy

Sales and management
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Impregnation plant
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+358 50 341 9766

Planing mill
Susiraja 2
80230 Joensuu
+358 40 735 7038

Exsane Oy

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06450 Porvoo
+358 20 733 0545

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50130 Mikkeli

Tampere
Mäntyhaantie 4 tila 13
33800 Tampere

Heinola
Tähtiniementie 3
18100 Heinola

Joensuu
Alasintie 2, halli I
80130 Joensuu

Lapinlahti - Kuopio
Tietokatu 1
73100 Lapinlahti